ASIA between Multipolarism and Multipolarity

Editors
Sujan R. Chinoy • Jagannath P. Panda

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मनोहर पर्रिकर रक्षा अध्ययन एवं विश्लेषण संस्थान

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Preface

The 20th Century witnessed the world order shifting from the multipolarity to the bipolarity to the unipolarity. After the end of the Cold War, the unipolar world under the United States (US)-led Trans-Atlantic leadership has shaped the liberal economic order that proliferated the engagements through multilateral institutions. While the promotion of the Western-centric political and economic ethos might have been the dominant motivation behind the shaping of such an order, it also benefitted major powers of Asia, especially highly populated ones like China, India, Indonesia. As the economic prosperity of these Asian economies boomed, the global economic pivot started shifting towards the East. Though the consolidation of China's national power has been way ahead of the rest in Asia in the last three decades, the same for India, the Association of Southeast Asian Nations (ASEAN), Japan, among others, has also been significant. As the geo-strategic pole in Asia is shifting from the Asia-Pacific to the Indo-Pacific, the reality of Multipolar Asia is looking more potent than ever before, which is also at the core of building Multipolar World.

Multilateral engagements to frame various regional economic architectures in Asia are becoming more usual than ever before. These engagements must also be seen from the context of anxiety that prevails because of the ongoing US-China trade conflict and debt trap situations arising for small countries from Chinese Belt and Road Initiative (BRI). Increasing multilateral interactions have become a way to hedge economic uncertainties arising from these incidents. Regional economic initiatives like Regional Comprehensive Economic Partnership (RCEP), Comprehensive

and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Shanghai Cooperation Organisation (SCO), Gulf Cooperation Council (GCC), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), etc., are some that are shaping the regional economic edifices across Asia. Further, grand connectivity and infrastructure initiative like BRI is met with other such approaches namely, Platform for Japan-India Business Cooperation in Asia-Africa Region and the US-led Blue Dot Network. Along with being strategic in nature, these initiatives are larger in scale and envision transcontinental level integrations. They are also backed by financing from multilateral institutions like Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB).

Then you have a situation of shaping new regional security architectures in Asia. In light of Chinese revisionism in the South China Sea and the East China Sea, several nations in the neighbourhood have started increasing maritime security cooperation. The enforcement of international laws, especially the maritime governance as prescribed in the United Nations Convention on the Law of the Sea, has become the focal point. You have increasing consultations between the US, India, Japan and Australia within the Quadrilateral grouping (Quad) that intend to secure respective Sea Lines of Communication (SLOC) and ensure free and open order of the Indo-Pacific – that is inclusive, allows freedom of navigation and overflight, freedom of commerce, protection of Exclusive Economic Zones (EEZ). These consultations are being backed by frequent 2+2 Dialogues and more security pacts between these nations. Further, in East Asia, while Japan has been working around its constitutional limitations over defence preparedness, the Korean Peninsula remains as fragile as ever. In addition, ongoing tensions between South Korea and Japan has brought more uncertainty to the region.

While security structures have clarity over objectives and balance of power equations, especially vis-à-vis China, in the region, the same cannot be said for economic architectures. There is comparatively less clarity over the shape of regional economic platforms. Economic structures are mixed with all kinds of countries.

It is hard to differentiate between the strategic competitors and strategic partners, which is one of the reasons why the multipolar order seems more probable. The consensus over the ASEAN centrality in the Indo-Pacific dynamic is one such instance where all kinds of countries are fine with the proposition. Even China seems mellowed down over the idea. There is no doubt that because of these multilateral structures a limitation of sorts has emerged to the prospects of confrontational engagements in Asia. Further, the situation gets more complex if one adds plurilateral forums like RIC (Russia-India-China), BRICS (Brazil, Russia, India, China, South Africa), China-South Korea-Japan, into the scenario.

Taking these developments into account, Asia's current navigation through multipolarism, in aspiration for eventual multipolarity, cannot be understated. Asia's political, economic and security architecture would be impacted and influenced by several plurilateral and multilateral alignments. The growing opportunities and uncertainties would demand greater research, deliberations, discussions and debates. In the same context, the 20th Asian Security Conference held at Manohar Parrikar IDSA, in 2019, with the theme "Multipolarism in Asia: Issues and Challenges" evaluated the current and future prospects of Asia's evolving multipolar architecture through geo-economic and geo-political lenses. The Conference saw the participation of numerous scholars, field experts, academicians, practitioners, diplomats, industry experts, journalists, among others. The dialogue scrutinised an array of issues and challenges, policies and initiatives, to foresee a multipolar order in Asia to ensure a stable, peaceful and progressive region. Consequently, this edited volume, *Asia between Multipolarism and Multipolarity* has been the fruitful product with the contributions from authors who have also actively participated as speakers and members of panel discussions during the thought-provoking dialogue in March 2019.

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The Conference was also graced by the participation of Dr. S. Jaishankar (now the Hon'ble External Affairs Minister of India) who chaired a session; his rich policy experience brought distinction to the 20th ASC.

The Institute would also like to thank the Director General Manohar Parrikar IDSA, Amb. Sujan R. Chinoy, for taking the lead in shaping the Institute's research and academic mandate, including the theme of the 20th ASC. His strong international and national standing as a diplomat and scholar have been a value addition to this Conference. Further, Amb. Chinoy's support throughout the ideation process of the 20th ASC has been pivotal in shaping the course of the Conference.

As Conference coordinator, I take this opportunity to thank all the chairpersons and speakers in the ASC for their participation and contribution. I have designed the structure and theme of ASC 2019 in a manner that will sustain dynamic participation while highlighting focal gaps that needed attention in Asian security outlooks. Support from the government officials, policy practitioners, ex-diplomats and eminent academicians have always been an integral part of the ASC

series of Manohar Parrikar IDSA. The great diversity of scholarship has brought immense distinction to this volume.

Many colleagues and young minds have contributed to the success of the 20th ASC of Manohar Parrikar IDSA. I thank all Centre Coordinators, Senior Fellows and colleagues from different research centres of Manohar Parrikar IDSA for their timely contribution, suggestion and help provided for the Conference.

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As the coordinator of the 20th Asian Security Conference, I am deeply thankful for the necessary support and guidance received from different spectrums both within and beyond Manohar Parrikar IDSA. Though every effort has been made to produce an editorially sound manuscript fit for reference and reading, any inadvertent error is the sole responsibility of the respective authors or scholars.

This volume is the outcome of the 20th Asian Security Conference of Manohar Parrikar IDSA. The ethos of the ASC, which the Institute has hosted for over two decades now, is to offer a free platform for academicians and practitioners to voice their

scholarly and regional expertise for enhancing debate and dialogue. In the interest of the spirit of the ASC, neither the facts nor the opinion of the contributors have been distorted in the publication. Lastly, in view of the diverse backgrounds of the contributors, the volume has followed the reference style of the scholar's choice. The rich experience of contributors has deeply enriched this 20th edition of the flagship event of our Institute.

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List of Abbreviations

A2/AD	Anti-Access and Area Denial
AAGC	Asia-Africa Growth Corridor
ABAC	APEC Business Advisory Council
ADB	Asian Development Bank
ADIZ	Air Defence Identification Zone
ADMM-Plus	ASEAN Defence Ministers Meeting-Plus
AfCFTA	African Continental Free Trade Agreement
AFP	Armed Forces of the Philippines
AIIB	Asian Infrastructure Investment Bank
AIS	Automatic Identification System
AJUS	Australia-Japan-US
AOIP	ASEAN Outlook on the Indo-Pacific
APEC	Asia-Pacific Economic Cooperation
APFTA	Asia-Pacific Free Trade Area
ARF	ASEAN Regional Forum
ARIA	Asia Reassurance Initiative Act
ARTCF	Asia Regional Trade and Connectivity Fund
ASEAN	Association of Southeast Asian Nations
BBIN	Bangladesh-Bhutan-India-Nepal
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BJP	Bharatiya Janata Party
BKI	Babbar Khalsa International
BRF	Belt and Road Forum
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
CAATSA	Countering America's Adversaries Through Sanctions Act

CACO	Central Asian Cooperation Organisation
CAEC	Central Asian Economic Community
CASS	Chinese Academy of Social Sciences
CCIEE	China International Economic and Exchange Centre
CEPEA	Comprehensive Economic Partnership in East Asia
CGE	Computable General Equilibrium
CICA	Conference in Interaction and Confidence Building Measures in Asia
CIMC	Colombo International Maritime Conference
CIS	Commonwealth of Independent States
CLAWS	Centre for Land Warfare Studies
CNOOC	China National Offshore Oil Cooperation
CNP	Comprehensive National Power
CNPC	China National Petroleum Cooperation
COC	Code of Conduct
CPEC	China–Pakistan Economic Corridor
CPTPP/TPP-11	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CRA	Contingent Reserve Arrangement
CRPF	Central Reserve Police Force
CSCAP	Council on Cooperative Security in the Asia-Pacific
CSTO	Collective Security Treaty Organisation
CTCN	Climate Technology Centre and Network
CVID	Complete, Verifiable, and Irreversible Dismantlement (or Denuclearisation)
DGFI	Directorate General of Forces Intelligence
DPP	Democratic Progressive Party
EAFTA	East Asia Free Trade Area
EAS	East Asia Summit
EASRs	East Asia Strategy Reports
EBRD	European Bank for Reconstruction and Development
ECRL	East Coast Rail Link
EDCA	Enhanced Defense Cooperation Agreement
EEC	Eurasian Economic Community
EEU	Eurasian Economic Union
EEZ	Exclusive Economic Zone
EIB	European Investment Bank

EPQI	Expanded Partnership for Quality Infrastructure
ESP	Environment and Social Policy
EU	European Union
FDI	Foreign Direct Investment
FOIP	Free and Open Indo-Pacific
FONOPS	Freedom of Navigation Operations
FPDA	Five Power Defence Agreements
FTA	Free Trade Agreement
FTAAP	Free Trade Area of the Asia Pacific
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GTAP	Global Trade Analysis Project
HEU	Highly Enriched Uranium
HMS	Her/His Majesty's Ship
IAEA	International Atomic Energy Agency
IAF	Indian Air Force
IBSA	India, Brazil, South Africa
IC	Integrated Circuit
ICBMs	Intercontinental Ballistic Missiles
ICJ	International Court of Justice
IDB	International Development Bank
IEA	International Energy Agency
IEF	International Energy Forum
IGEP	Index of Government Economic Power
IISS	International Institute for Strategic Studies
IMF	International Monetary Fund
INF Treaty	Intermediate-Range Nuclear Forces Treaty
IONS	Indian Ocean Naval Symposium
IOR	Indian Ocean region
IORA	Indian Ocean Rim Association
IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
IOZOP	Indian Ocean as Zone of Peace
IPR	Indo-Pacific Strategy Report
IRENA	International Renewable Energy Agency

ISA	International Solar Alliance
ISI	Inter-Services Intelligence
ISIS	Islamic State of Iraq and Syria
ISYF	International Sikh Youth Federation
IUU	Illegal, Unreported and Unregulated
J&K	Jammu & Kashmir
JCPOA	Joint Comprehensive Plan of Action
JeI	Jamaat-e-Islami
JeM	Jaish-e-Muhammad
JKLF	Jammu & Kashmir Liberation Front
JODI	Joint Oil Data Initiative
JPC	Japan Ports Consulting
KCF	Khalistan Commando Force
KLF	Khalistan Liberation Force
KORUS	Korea-US
KPA	Kenya Ports Authority
KZF	Khalistan Zindabad Force
LAC	Line of Actual Control
LeT	Lashkar-e-Tayyeba
LNG	Liquefied Natural Gas
LTTE	Liberation Tigers of Tamil Eelam
MDA	Maritime Domain Awareness
MDBs	Multilateral Development Banks
MDT	Mutual Defense Treaty
MFN	Most-Favoured-Nation
MGC	Mekong-Ganga Cooperation
MIRV	Multiple Independently Re-entry Vehicle
MNF	Mizo National Front
MP	Member of Parliament
MRBMs	Medium-Range Ballistic Missiles
MSIS	Merchant Ship Information System
MSR	Maritime Silk Road
NAFTA	North American Free Trade Agreement
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organisation
NDB	New Development Bank
NDS	National Defence Strategy

NIIF	National Investment and Infrastructure Fund
NLFT	National Liberation Front of Tripura
NSA	National Security Advisor
NSAB	National Security Advisory Board
NSCN	National Socialist Council of Nagaland
NSS	National Security Strategy
NSTC	North-South Transport Corridor
NTMs	Non-tariff measures
OBOR	One Belt, One Road
OECD	Organisation for Economic Co-operation and Development
OIC	Organisation Of Islamic Cooperation
OPEC	Organisation of the Petroleum Exporting Countries
PCA	Permanent Court of Arbitration
PECC	Pacific Economic Cooperation Council
PfP	Partnership for Peace Programme
PIL	Pacific International Lines
PLA	People's Liberation Army
PLAAF	PLA Air Force
PLA-N	PLA Navy
PPM	Project-affected People's Mechanism
PRC	People's Republic of China
Quad	the US, Japan, India and Australia
R2P	Responsibility for Protect
RATS	Regional Anti-Terrorism Centre
RCEP	Region Comprehensive Economic Partnership
REE	Rare Earth Elements
REEP	Renewable Energy and Energy Efficiency Partnership
RETRACK	Reorganisation of Transport Networks by Advanced Rail Freight Concepts
RIC	Russia-India-China
RIMPAC	Rim of Pacific
RMB	Renminbi
ROK	Republic of Korea
SAARC	South Asian Association of Regional Cooperation
SAGAR	Security and Growth for All
SCO	Shanghai Cooperation Organisation

SDG	Sustainable Development Goal
SDR	Strategic Defence Review
SFJ	Sikhs for Justice
SGR	Standard Gauge Railway
SHADE	Shared Awareness and Deconfliction
SLOC	Sea Lines/Lanes of Communication
SNA	Somali National Army
SPT	Six-Party Talks
SREB	Silk Road Economic Belt
SRF	Silk Road Fund
TAC	Treaty of Amity and Cooperation
TCF	Trillion Cubic Feet
THAAD	Terminal High Altitude Area Defense
TNAP	Trans-Anatolian Natural Gas Pipeline
TPIIIP	Trilateral Partnership for Infrastructure Investment in the Indo-Pacific
TPP	Trans-Pacific Partnership
TRACECA	Transport Corridor Europe Caucasus Asia
UAE	United Arab Emirates
UAV	Unmanned Aerial Vehicles
UIED	Underwater Improvised Explosive Devices
UK	United Kingdom
ULFA	United Liberation Front of Assam
UNCLOS	UN Convention on the Law of the Sea
UNFCCC	United Nations Framework Convention On Climate Change
UNGA	UN General Assembly
UNHCR	UN High Commissioner for Refugees
UNIDO	UN Industrial Development Organisation
UNSC	United Nations Security Council
US	United States of America
USI	United Service Institution
USSR	Union of Soviet Socialist Republics
WEF	World Economic Forum
WMD	Weapons of Mass Destruction
WTO	World Trade Organisation

Introduction

Sujan R. Chinoy

The world today is undergoing a fundamental transformation. There are several facets to the emerging uncertainty. At the global level, key drivers of globalisation have run into headwinds. The liberal trading system has encountered protectionism. Developmental finance harbours the risk of conditionality. The flow of human resources and services sector are impeded by anti-immigrant sentiments. Technology, in the age of quantum physics and the world of Artificial Intelligence, has been weaponised and is open to misuse.

There is a fracturing of power along multiple axes, whether geo-political, geo-economic or hard strategic and military indices. "Black swan" events, such as the drone attacks on two Aramco oil facilities at Abqaiq and Khurais in September 2019, and the unexpected killing of the head of Quds Force of the Islamic Revolutionary Guard Corps (IRGC), General Qassem Soleimani, further complicate the situation. States and non-state actors have acquired the means to overcome asymmetry in absolute power quotients. The US-DPRK summitry and the US-Taliban talks are perhaps the world's most watched examples of this phenomenon.

The extraordinary feature of this age lies in the fact that both dominant and aspiring powers, such as the US and China, are anti-status quo. On one hand, the US, while trying to preserve its pre-eminence, is weakening the very global order of which it is the apex power by distancing itself from Europe, putting pressure even on allies based on the "America First" policy and withdrawing from the Paris Accord on climate change and the Trans-Pacific Partnership. It has described China as a revisionist power and a competitor in its national security and national defence strategies as well as the Pentagon's Indo-

Pacific strategy report; it has upped the ante with China on trade issues, yet left the field open to China as the dominant economy in the Regional Comprehensive Economic Partnership (RCEP). On the other hand, China is questioning the very global order that facilitated its rise. It is seeking to promote its political, economic and social systems as an alternative narrative in the global discourse, complimented by the creation of new financial and lending institutions like the Asian Infrastructure Investment Bank (AIIB) and New Development Bank. It is pushing for a China-centric Code of Conduct in the South China Sea and using the Belt and Road Initiative (BRI) to spur economic growth, exports and Chinese standards.

A stable economic architecture, therefore, is yet to emerge. In a situation of great flux and uncertainty, there are multiple opportunities for countries to work and align with others on the basis of national interests. Hedging and multi-alignment are the order of the day. There is less multilateralism but greater multi-polarity.

Today, geopolitical considerations are increasingly driving trade and investment decisions. There is a looming danger for developing countries on account of "zero-sum" mercantilism and rising protectionism. There is no doubt that the US-China trade war has been disruptive. No two rival powers are as interlinked by trade and investment as are China and the US. Never before have all other countries been as intertwined in a web of relations as with both China and the US. This makes for difficult choices.

Worryingly, the global economy is likely to grow at its slowest pace in a decade, at three per cent in 2019. Today, the momentum in manufacturing activity has weakened to levels unseen since the global financial crises. Investor and business confidence even in emerging markets is at a low ebb. Low productivity growth and ageing demographics in advanced economies have further compounded the problem. Most countries appear to be financially vulnerable. Key anchors of the global economy, including China, are experiencing a slowdown. The Coronavirus scare is likely to further depress growth rates in China and disrupt global supply chains. Elsewhere, Europe is in the throes of a major readjustment in the context of Brexit.

Yet, amidst this downturn, Asia is witnessing the simultaneous rise of several powers. Global engines of economic growth over the past three decades have shifted to Asia, first to the Asia-Pacific and now, more broadly, to the Indo-Pacific region that includes South Asia. The continent, home to over half the global population, has emerged as the new fulcrum for geo-economic and geo-strategic realignments. High economic growth rates across the region are accompanied by some of the highest military expenditures in the world. A stable regional security architecture, however, remains elusive.

Asia's geography is also increasingly being redefined within the concept of the Indo-Pacific, which underscores the importance of treating the terrestrial and maritime domains of two great oceans as one seamless strategic space.

There are differences with regard to the models of developmental finance for connectivity projects, yet there is emerging consensus that these should be in accordance with international norms, and that such developmental finance should not have strategic aims. There is growing clamour in the region today for connectivity projects to be economically viable, fiscally responsible and environmentally sustainable, with due regard for sovereignty and territorial integrity. Above all, such projects should be need-based and must take into account the priorities of the host countries.

At a time when hybridisation of conflicts is no longer a hypothetical concept, traditional and non-traditional security challenges such as economic and military competition, climate change, cyber threats, terrorism and energy security are some of the key drivers for the development of broad-based collaborative structures that promote pluralism and equality.

In this context, the spectre of terrorism, especially cross-border terrorism, casts a long malevolent shadow on the prospects of peace and cooperation on developmental priorities. No country in the world today is safe from terrorism. South Asia has long suffered from cross-border terrorism, aided and abetted by Pakistan. Afghanistan is yet to come to terms with itself. Further afield, the proxy struggle between Iran and Saudi Arabia for ascendancy in

the Islamic world is playing out in theatres ranging from Syria to Yemen. Recent tensions between Iran and the US in the Persian Gulf, especially after the killing of Qassem Soleimani, have consequences for the entire region.

Amidst all these challenges, it is imperative that states continue to strive for peace and progress. There is no place for a re-emergence of neo-colonial versions of economic or security domination. The common goal should be the promotion of peace, prosperity and development for all nations on a truly equal footing.

Multipolarism is regarded as beneficial at both the global and regional levels. It prevents the emergence of a global power structure in which there is domination, unilateralism, use or threat of use of force, and ultimately, the absence of free choice for lesser powers. Asia too can achieve its true potential only through multipolarism. After all, it is home to the world's two most populous countries, China and India; it boasts the world's second and third largest economies in China and Japan, and one of the world's emerging large economies in India, in addition to the other dynamic countries in South-east Asia, South Asia and the Indian Ocean littoral all the way to Africa. The Gulf, Central Asia and the Eurasian countries also have stakes in promoting multipolarism in Asia. The presence of the US and other P-5 powers in Asia, whether embedded continentally or through their maritime presence or through alliances, adds to the complexity.

Asia has never been monolithic and never supported unilateralism. Multipolarism is at the heart of the Asian identity, even though we share much in common. Asia has given rise to several great civilisations that have co-existed and prospered over millennia, in India, China, Japan and South-east Asia, through a process of give and take. Asia has always been pluralistic in terms of languages, cultures and traditions. Asia has also had its share of disputes involving sovereignty and territorial integrity. Many continue to this day, and new conflicts and differences have also surfaced. Yet, Asia has the wisdom of its rich heritage and shared experiences of history such as the values of Buddhism that spread like gossamer threads through the region, and the struggle against

colonialism and imperialism, to help realise that we must seek to work together for the common benefit of all nations. At the same time, our different identities and interests have prevented us from achieving better results in the task of building a stable Asian security architecture.

The Asian Century appears inevitable, but what kind of a century will it be remains unclear. Will it be a century of peace and development, as it really should be for all of us, or will it involve long drawn contestations and wars? Today, there is open friction over sovereignty and territorial claims and unresolved boundary disputes. There is the issue of an altered situation in the South China Sea. There are competing claims to islands in the East China Sea. There is jousting over natural resources and seabed deposits. There are differences over the freedoms of navigation and overflight and the "rules of the road" that will define the use of the key Sea Lanes of Communication which are life-lines for unimpeded access to energy sources and commerce on the high seas. Will we follow existing rules of the road? Will there be new rules of the road? Who will define these? Will there be consensus? Will Asia settle down and claim the 21st century, or will it be condemned to await a so-called Peace of Westphalia moment of its own, with all the hardships of conflict and war that it entailed?

Today, multipolarism is important for an Asia that seeks to build interdependent and institutionalised dialogue mechanisms to promote economic growth and to prevent differences from becoming disputes and contestation from degenerating into conflict. The role of structures such as the ARF, East Asia Summit and AIIB, to name a few, will be crucial. Trade negotiations whether bilateral FTAs or regional constructs such as the RCEP and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) are weather vanes that indicate the shape of things to come. But, they also provide opportunities to influence outcomes. Multipolarism in Asia will also strengthen the demand for early reform of the archaic institutions of a bygone era, especially the UN Security Council.

Asian prosperity hinges on how well we work together to build the foundation for its future, and how well we respect the pluralism,

coexistence and dialogue that have always characterised us. It is towards this end that the principles of engagement in the region, as India's Prime Minister has stated, rest on the values of Samman (respect), Samvad (dialogue), Sahayog (cooperation), Shanti (peace) and Samriddhi (prosperity).

Like the world around it, India too is in transition. A visible transformation in the last few years has been the robust expansion and deepening of India's engagement with the world. This has been underpinned by the country's ongoing social and economic transformation, underlined by the overall theme of VIKAS or development. With the shift of global engines of economic growth to Asia, India, like many others, is in a position to contribute to global manufacturing and innovation.

There is no gainsaying the fact that both existing and rising powers, including regional and extra-regional powers, will have to seek a new modus vivendi for the future of Asia. India believes that competition is normal, but contests do not have to result in conflict, and differences must not be allowed to become disputes.

The teachings of Buddha and Gandhi, with their emphasis on peaceful co-existence and non-violence, remain an integral part of India's strategic interactions. India's pluralistic experience and democratic values have led the country to value dialogue as a preferred means to peaceful resolution of differences. India is not guided by zero-sum calculations but by the desire to work with all and to resolve global problems in a cooperative spirit. These include the scourge of terrorism, particularly cross-border terrorism, which has long affected India but which also poses a threat to others in the region as well as globally. There are other challenges as well such as territorial disputes, illegal arms and weapons transfers, drug trafficking, poverty, unimpeded navigation and commerce on the high seas, climate change, and food and energy security.

India's strategic calculations are also guided by three additional foundations of India's foreign policy, namely

- National interest
- Strategic autonomy
- Vasudheva Kutumbakam – the world is one family

National interest stems from the need to ensure India's sovereignty and territorial integrity, and build a peaceful and stable environment in which the country can achieve rapid economic growth and prosperity for its people.

The ethos of India's 'strategic autonomy' lies in the compelling need to preserve and promote its national interests as defined by Indians themselves. Today, the country is multi-aligned, depending on its growing interest, whether economic, strategic or related to energy or the diaspora. Depending on the issues and interests at stake, India is at liberty to engage each power. This has enabled India to share democratic values with the US and have a close relationship with the Russian Federation. This has also permitted India to have friendly relations with both Israel and Palestine; Iran and Saudi Arabia; and Iran and the US.

For India, "strategic autonomy" also means the exercise of sovereign choice in domestic legislation and policy. It means no interference in its internal affairs, like the repeal of Article 370 of the Indian Constitution or the Citizenship Amendment Act (CAA), both of which have been passed by a majority of democratically elected parliamentarians.

India's choices at home and its international priorities form part of a seamless continuum that are firmly anchored in India's transformational goals. Good relations with neighbours – both immediate and extended – are a priority of India's foreign policy as part of its Neighbourhood First Policy. The country's emergence as a key regional and global power is predicated on how effectively it manages its own periphery. India's distinct sub-continental geography dictates that it develops in conjunction with its South Asian neighbours. India is committed to build capacities within South Asia, thereby achieving an inclusive regional growth. Prime Minister Modi has emphasised the importance of shared prosperity with our neighbours through his clarion call of "Sabka Saath, Sabka Vikas, Sabka Vishwas", the essence of which roughly translates as "Collective Effort, Inclusive Growth and Mutual Trust".

A key feature of India's Neighbourhood First Policy is also its engagement with its neighbours in sub-regional groupings of IORA,

BBIN and BIMSTEC, apart from a trilateral maritime cooperation format with Sri Lanka and Maldives to improve Maritime Domain Awareness and cooperation in maritime oil pollution response, search and rescue, etc. Promoting the Blue Economy initiatives in areas such as ocean energy, sustainable fishing, marine bio-technology and exploration of mineral resources are vital instruments of India's ocean outreach. India is working at improving maritime logistics with Mauritius, Sri Lanka and Seychelles. It has conducted HADR operations in Indonesia, Sri Lanka, Maldives and Mozambique. A key milestone was India taking the lead in evacuating 5,000 Indian citizens and 2,000 foreign nationals of 48 nations from Yemen. Libya and Iraq are the other conflict zones where India has used its airlift capabilities to extract both Indians and nationals of other countries.

Today, India is not just a by-stander but is actively involved in shaping outcomes. There is new energy and dynamism in the conduct of foreign affairs. This is reflected in India's extraordinary outreach, involving official visits, to all but three countries of the UN, and membership of key multilateral mechanisms and institutions like the Wassenaar Agreement, Missile Technology Control Regime (MTCR), Australia Group, and Shanghai Cooperation Organisation (SCO). In addition, the Indian Prime Minister has frequently met a large number of his counterparts on the sidelines of important summits such as UNGA, G-20, BRICS, East Asia Summit, RIC, ASEAN and SAARC. Proactive engagement with the world is, therefore, increasingly becoming a norm in Indian foreign policy.

India has also strengthened its economic, defence and security cooperation with many other countries in the region, including with Japan, and the Southeast Asian countries. India-Russia relations have continued to be strengthened. Engagement with the Eurasian world has witnessed new momentum with India becoming a member of the Shanghai Cooperation Organisation (SCO).

India also attaches importance to developing friendly and cooperative relations with China. The "Wuhan and Mamallapuram Consensus" between Prime Minister Narendra Modi and Chinese President Xi Jinping has given new strategic guidance in the further

development of India-China relations, offering a fresh impetus for a developmental partnership. Mutual investments provide the ballast for the ship of bilateral relations. As members of several multilateral institutions, India and China are in a unique position to give shape to their economic destinies. There are suggestions that the era of the World Trade Organisation (WTO)-anchored, Most Favoured Nation (MFN)-based regime is drawing to a close and that the future lies in a web of free trade agreements. However, there is still scope for India and China to work together to strengthen the WTO. The RCEP should have a wider ambit, including trade in services. Many countries (especially Japan which still boasts the world's second-largest developed economy) have openly favoured a more accommodating position that addresses India's concerns and facilitates its joining the RCEP. China too should pro-actively work to ensure India's membership. China and India could explore the potential to work together on Asian infrastructure and connectivity development on the basis of equality and an open and transparent model under the AIIB. As two of the world's biggest importers of oil and gas, the two nations should have a joint consultative mechanism to protect the interests of consumers.

As China's presence in South Asia grows, greater transparency in its actions and closer consultations with India are also necessary to help allay concerns. China should also be mindful of its forays into the Exclusive Economic Zone of others. There is no gainsaying the fact that India and China must work together to forge stable relations in which competition does not lead to conflict nor differences to disputes. India and China will always have to co-exist cheek by jowl, as they have done for millennia. It is in the larger interests of the two peoples that there be greater trust and cooperation and that there be deeper friendship at all levels. China expects the world to accommodate its rise and core concerns on Tibet, Xinjiang, Taiwan and Hong Kong. Likewise, China too needs to adjust to the rise of India and accommodate its concerns on sovereignty and territorial integrity. This could pave the way for furthering cooperation under the India-China Plus framework. Neither China nor India can contain the other. Both are destined to rise. Helpful steps that can contribute

to better relations include firewalling the bilateral track from third-party considerations, fighting stereotypes through objective media coverage, encouraging high level and other exchanges, especially among the youth, enhancing confidence building measures between the armed forces, balancing India's trade deficit of $58 billion and injecting greater transparency in China's growing presence in South Asia.

Arguably, the US-China rivalry coincides with an upward trajectory in India-US relations. This is important for equilibrium and multipolarity in Asia, even as India and China try and build much-needed trust and cooperation.

As the Prime Minister of India stated in his seminal address at the Shangri-La Dialogue in June 2018, India believes in an open and inclusive architecture for the Indo-Pacific region, with ASEAN centrality, equal access to the great commons, freedom of navigation, overflight and unimpeded commerce, the importance of connectivity, a rules-based order and dialogue as the means to resolve disputes. In this context, India is actively participating in the ASEAN Regional Forum (ARF) and in the ASEAN Defence Minister's Meeting Plus (ADMM+). Protecting maritime resources, tackling non-traditional security threats and ensuring equality of access are among the key priorities in the rapidly evolving Indo-Pacific environment.

Similarly, India's key interests in the Indian Ocean are underscored by its position as a deep wedge straddling the Arabian Sea and the Western Indian Ocean on the one flank and the Bay of Bengal and the Eastern Indian Ocean on the other. Some of the busiest Sea Lanes of Communication (SLOCs) traverse through these waters, carrying two-thirds of global energy shipments, one half of its container shipments and one-third of its bulk cargo traffic. India has extensive island territories of the Lakshadweep and the Andaman & Nicobar archipelagos straddling these waters, apart from its long coastline of 7,500 kilometres. Ninety-five per cent of India's trade moves by sea, including its large imports of oil and gas. Some of the world's most important choke points are located in the Indian Ocean region, from the Bab-Al-Mandeb at the Horn of Africa to the Malacca Straits at the edge of the Andaman Sea which acts as a virtual gateway to the South China Sea and thence to the Pacific Ocean.

Notably, the Indian Ocean Naval Symposium (IONS) remains an open and inclusive Indian initiative that seeks to promote maritime co-operation among navies of the littoral states of the Indian Ocean Region. India is a key member of the IORA. India is also a member of ReCAAP which is a collaborative arrangement for tackling piracy in Asia towards the east of India.

Defence diplomacy is a key pillar of India's strategic toolkit in the context of indivisibility of security.[1] In fact, defence diplomacy and maintaining strong defence forces are two sides of the same coin. They go hand in hand. India has never aggressed against any nation. But that does not mean that India would balk or hesitate to use force to defend itself or teach any aggressor a good lesson. High-level defence exchanges, joint exercises, and friendly cultural and sports events are integral part of our defence diplomacy.

It can be argued that cooperative security in any region is like a chain which is as strong as its weakest link. The South Asian family, unfortunately, has its own black sheep. The weakest link in the chain continues to be Pakistan, which views security as a zero-sum game, and uses terrorism as an instrument of state policy against its neighbours. The consequences of such a policy pursued in one country in South Asia, aimed at systematically nurturing radical jihadi groups, has been felt in other South Asian countries as well – from Afghanistan to India and from Bangladesh to Sri Lanka.

One of the measures to improve regional security is to strengthen connectivity linkages. Better connectivity can help nations overcome their political differences by conceiving their borders as bridges and not as barriers. As the world's second-most populous country with 1.25 billion people, India attaches great importance to strengthening cooperative security.

Countering terrorism continues to remain the most important national priority for India. There is the growing scourge of cross-border and international terrorism of which India has long been a victim, and which the global community is now waking up to with alarm. The linkages between nations that sponsor terrorism and radical ideologies, and those that engage in proliferation of WMD technologies, are quite evident in Asia.

Today, when the global order is in a state of flux, the focus is clearly on achieving a new balance of power and forging a new equilibrium in Asia, which straddles both the Indian and Pacific Oceans. The choices that we make in regard to issues concerning sovereignty and territorial integrity, connectivity, growth and development, climate change, renewable energy and terrorism in particular, will determine the kind of world that Asians will leave to their future generations in the 21st century. As the Prime Minister of India has stated at the Raisina Dialogue in 2017, there is enough room for all countries of Asia to prosper together. He also said at the Shangri-La Dialogue on June 1, 2018 that the Asia of rivalry will hold us all back; it is the Asia of cooperation that will shape this century.

Last year marked the 150th birth anniversary of Mahatma Gandhi, a great apostle of peace and votary of truth and non-violence. It would be a fitting tribute to him if all Asian countries can, one day, abjure the use of violence and force in favour of dialogue and cooperation in order to fully realise their destinies.

Note

1. Events in one region of the world have an impact, both positive and negative, on other regions. This highlights the necessity of combining strengths to forge new compacts that can appropriately deal with the emerging challenges. Cooperative security, therefore, is more relevant than ever before. As a concept, cooperative security implies that countries have, or seek, a degree of convergence with regard to threat perceptions, and challenges and opportunities with a conviction that it is advantageous to their security, stability and prosperity. This implies a degree of conceptual clarity which is increasingly difficult in a rapidly changing world. Cooperative security may logically begin with neighbours and the region but often transcends locational limitations. Cooperative security can be predicated on shared values, ideologies, religion or economic interests along multiple axes. From alliance partnerships to client-state partnerships, the menu is vast and varied.

Part I
Debating a Multipolar Asia

1. The Geo-economics of Multipolarity

Sanjaya Baru

Introduction

The post-War global order was described as bipolar, but there was no theory of 'bipolarism'. The post-Cold War world went through what was called a "unipolar" phase, but there was no theory of "unipolarism" either. So why do we need an "Ism" for multipolarity? An Ism is, after all, a mental construct. The material world is a physical construct. An Ism is created to shape rather than merely define a reality. Thus, the "old" "Silk Road" came into being before scholars theorised on it. The "new Silk Road", however, is being theorised into existence. The "multipolar" distribution of power across States has been a feature of human history long before scholars and strategists theorised on the structures of global power. Even in the period when the sun would never set on the British Empire, there were other powers that held sway across substantial parts of the world and whose thinking and behaviour was independent of the dominant world power. Through the 19th Century, the Ottoman, Russian and Chinese Empires lived next to the British in Asia.

The comity of nations has always been marked by the parallel existence of several great powers. The so-called Roman Empire did not stretch very much beyond the Mediterranean and the Black Seas. Even when the Mongols held sway across Eurasia, they had no control over large parts of the world where life proceeded on terms not defined by the Great Mongol rulers. Multipolarity is both a useful descriptive term and analytically helpful in understanding the co-existence of multiple centres of power. It need not, however, be viewed as dogma, as an 'Ism'.

So, where did the recent concept of 'multipolarism' come from? It is essentially a post-Cold War Russian construction, aimed at theorising a new world order, following Vladimir Putin's statement at the Munich Security Conference in 2007 where he positioned the Russian view of "multipolarity" in opposition to an alleged American 'Neo-con' project of unipolarism and globalism. Given that the Cold War was a battle between ideologies – Capitalism and Communism – it seemed Putin was seeking to provide a new ideological garb to an old rivalry.

Russian scholar Alexander Dugin defines Multipolarism as "a look into the future (that which has not yet been), a project of organisation of the world order on absolutely new principles and elements, and thus, a serious revision of the ideological, philosophical, and sociological axioms that modernity rests upon." Further, Dugin, believes: "The unipolar and globalist view on history imagines the historical process as a linear motion from the worse to the better, from the underdeveloped to the developed, and so on and so forth. In this case, globalisation is seen as the horizon of a universal future, and everything that impedes globalisation is simply seen as the inertia of the past, atavism, or a striving to blindly preserve the 'status quo' at all costs. In virtue of such a percept, globalism and 'The Sea Power' are also trying to interpret Multipolarism as exclusively being a conservative position opposing the 'inevitable change'. If globalisation is the Post-modern (the global society), Multipolarism appears to be resistance to the Post-modern (containing elements of the Modern and even Pre-Modern)."[1]

The Theory of Poles

At the end of the Second World War, the world was left with two major victors – the US and the Soviet Union. Their rivalry was defined both by material interests and ideology. Their desire to secure control over resources and markets ran parallel to their desire to promote their ideology. The rivalry between capitalist states and communist states and between capitalism and communism mimicked, in many ways that between Catholicism and Protestantism, and Christianity and Islam in earlier times. If religion was the ism that divided the

world in the pre-industrial era, a new sort of ideology was deployed to define national interests and rivalries in the industrial age.

Thus, the competition between the US and the Soviet Union for global power dominance or hegemony was theorised as a war between imperialism, 'the highest stage of capitalism', as Lenin defined it, and socialism. The advocate of each of these two isms was seeking to defend specific national and material interests. Thus, the 'bipolarity' of the Cold War era came to be defined in ideological terms as not just a race for power between two national entities, but as a battle between two isms – a conflict not just between nation-states but rival ideologies. It served both Western capitalist and Soviet communist ideologues to define their power rivalry in ideological terms. Moreover, while both the US and the USSR sought global domination in the name of "peace", neither the bipolar era nor the "unipolar moment" was characterised by peace and stability.

The idea of a "bipolar" world suited both poles but was challenged by the non-aligned who refused to take sides and fall into a binary trap. When some newly independent developing countries, like India, Egypt, chose not to join either bloc and remain "non-aligned" as a matter of policy, their stance too later got theorised. While the Polish Economist Michal Kalecki viewed non-alignment as a pragmatic policy, many Third World theorists viewed the "non-aligned" as espousing a "Third Way" – neither capitalist nor socialist but a Mixed Economy.[2]

Thus, non-alignment too was elevated to the status of an ideology. Mao Zedong even proposed a "Three Worlds Theory": a First World of "superpowers" with the US and the Union of Soviet Socialist Republics (USSR), a Second World of "rich nations" with mostly the Organisation for Economic Co-operation and Development (OECD) countries and a Third World of "developing countries" in which he included China. The Three Worlds Theory then went into several iterations with radical Marxist scholars like Samir Amin defining the Three Worlds as the worlds of Capitalism, State Socialism and Post-colonial Developing Nations.[3]

The fact is that right through the Cold War, nation-states were seeking a multipolar world order in which no one country could

dictate terms to all others. Even though the Soviet Union imploded due to its own internal contradictions, rather than any external action by the US, the latter declared victory and promoted a new theory of Unipolar world order. Even at the height of its power the US was unable to impose its will – be it in Asia, in Europe or in Latin America. Nevertheless, international relations scholars continued to theorise on the nature and dynamic of a Unipolar global system. Those seeking to promote US interests argued that a new world order defined by liberal democratic values had been established, while those who opposed the US only reinforced the idea of "unipolarity" by arguing that a new global hegemon had come into being inaugurating a new era of Super Imperialism.

It was left to Samuel Huntington to question the American "unipolar" dream as early as in 1999, when he defined the global order as "Uni-multipolar" – with the US being the biggest military, economic, technological and cultural power, while many other "major powers" had the capacity to stand up to the US. Huntington named Russia, China, Germany-France, Japan, India, Iran, Brazil, South Africa and Nigeria as the eleven "other powers" of a "Uni-multipolar world".[4] To quote Huntington: "The superpower or hegemon in a unipolar system, lacking any major powers challenging it, is normally able to maintain its dominance over minor states for a long time until it is weakened by internal decay or by forces from outside the system, both of which happened to fifth-century Rome and nineteenth-century China. In a multipolar system, each state might prefer a unipolar system with itself as the single dominant power, but the other major states will act to prevent that from happening, as was often the case in European politics."

The post-Cold War global system was bound to be "Uni-multipolar", suggested Huntington, because the group of "regional" major powers would come together to prevent any single nation from becoming the hegemon of a unipolar power system. "The superpower's efforts to create a unipolar system stimulate greater effort by the major powers to move toward a multipolar one. Virtually all major regional powers are increasingly asserting themselves to promote their own distinct interests, which often conflict with those

of the US. Global politics has thus moved from the bipolar system of the Cold War through a unipolar moment – highlighted by the Gulf War – and is now passing through one or two uni-multipolar decades before it enters a truly multipolar 21st century."[5]

In short, merely because the bipolar nature of the balance of power in the Cold War era was sought to be defined in ideological terms, as a battle between "democratic capitalism" and "authoritarian socialism", there is no need to search for a theory to define the emerging multipolar distribution of global power. A theory of "multipolarism" is not required to explain the fact that the resurgence of China, India and Russia, the rising profile of major economies like Japan and Germany, the geopolitical relevance of groups of nations like the European Union (EU), GCC and the ASEAN are creating a new global balance of power that is presently Uni-multipolar but tending towards multipolarity.

Asia's Bi-Multipolarity

Historically, Asian multipolarity is defined by the fact that Asia has been home to three great civilisations that constitute the foundation on which contemporary nation-states stand. The Chinese, Indian and the Islamic civilisations have existed alongside each other for centuries. Historian Fernand Braudel, referring to the region spanning the Arabian Sea, the Bay of Bengal, the Straits of Malacca and the South China Sea – what is now referred to as the Indo-Pacific – as the "greatest of all the world economies" of the pre-industrial, pre-capitalist era, divides the region into three spheres of influence: "Islam, overlooking the Indian Ocean from the Red Sea and the Persian Gulf, and controlling the endless chain of deserts stretching across Asia from Arabia to China; India, whose influence extended throughout the Indian Ocean, both east and west of Cape Comorin; and China, at once a great territorial power – striking deep into the heart of Asia – and a maritime force, controlling the seas and countries bordering the Pacific."

"The relationship between these huge areas," says Braudel, "was the result of a series of pendulum movements of greater or lesser strength, either side of the centrally positioned Indian

subcontinent. The swing might benefit first the East and then the West, redistributing functions, power and political or economic advance. Through all these vicissitudes, however, India maintained her central position: her merchants in Gujarat and on the Malabar and Coromandel coasts prevailed for centuries against their many competitors – the Arab traders of the Red Sea, the Persian merchants of the Gulf, or the Chinese merchants familiar with the Indonesian seas to which their junks were now regular visitors."

The entry of European powers into Asia was an interregnum in which these three civilisational powers remained constrained. In the post-colonial era, all three have sought to recover their space. China more successfully than India or the Islamic powers. What is important to note is that none of them will accept the hegemonic domination by the other. The modern nation-states of Islam, namely Saudi Arabia, Iran and Turkey, will not concede to Chinese hegemony in Asia, nor would India.

Today, Asia is home to at least half a dozen "major powers" – including the US, China, Russia, Japan, India, Iran, the GCC and the ASEAN. There are other important players who have been able to secure some space for autonomous action in one or more arenas of power – military, economic, technological and cultural. These include Korea, Pakistan, Australia and Turkey. These historical and cultural factors will come to define Asia's "multipolarity". They also define "multipolarism" in Asia.

While history weighs heavily on Asia's mind, the influence of religion and culture on Asian geopolitics should not be viewed merely as the past weighing on the present. They are a driving force of political mobilisation across Asian societies – Islamic, Hindu and Buddhist. The cultural roots of Asian multipolarity have emerged as new branches of political assertion and will remain so in years to come. While Asia is defined by civilisational multipolarity, the fact remains that China has emerged as the dominant Asian power. Would then the concept of "Uni-multipolar" be relevant to understand the balance of power in Asia? Not so. Extending Huntington's terminology, the Asian balance of power today is best described as "Bi-multipolar" – wherein the US and China are the two dominant

powers but their power is constrained by the presence of several other "major powers" – namely, India, Iran, Japan, Russia, Turkey, the GCC and the ASEAN.

While each of the major Asian powers would individually like the US to balance China within Asia, they would not join the US in an anti-China containment strategy. They would all prefer a multipolar Asia but recognise, like Huntington, that it will take time before Asia becomes truly multipolar. In the interim, therefore, the Asian power structure would be Bi-multipolar.

The Geoeconomics of Multipolarity

The emergence of several newly industrialising knowledge-based economies in Asia will also ensure that the balance of geo-economic power in Asia will eventually move in the direction of multipolarity, from the current phase of bi-multipolarity.

The notion that China's geoeconomic rise will mimic that of the US in the 20th century and, therefore, China would establish its "economic dominance" is an idea that is neither informed by history nor the nature of power in the international system. In his analysis of China's economic rise, Economist Arvind Subramanian draws a parallel between Great Britain's "economic dominance" in the 19th century, the US economic dominance in the 20th and the emerging Chinese economic dominance in the 21st based on a set of economic indicators like a country's share in world income, trade and net capital flows. Based on these and other such economic indicators, Subramanian jumps to the conclusion that just as the US and the Dollar replaced Britain and the Pound Sterling after Britain ceded its global economic dominance to the US, so too China and the Yuan replaced the US and the Dollar, asserting China's global economic dominance.[6]

What is missed in this economic determinist argument is an understanding of the nature of global power and dominance. Britain did not become "great" merely because of its economic dominance. It did so by acquiring colonies and establishing a global empire through the deployment of military power. While the US did not acquire "colonies", its power, in fact, grew during the era of

decolonisation. The US acquired "allies" and through the alliances it maintained and the assertion of its military power, it acquired access to markets and resources and thereby ensured its global economic dominance. China has neither colonies, unless one regards Tibet and Xinjiang as colonies, nor important military alliances that would enable it to acquire the kind of control over markets and resources that Great Britain and the US have enjoyed in turn as dominant global powers. There is no doubt that China is a major geo-economic power. However, it remains to be seen if it can translate its economic power into geopolitical power and dominance.

The rise of China and indeed of other newly industrialising economies of Asia, as well as the rise of other "Emerging Economies", denotes a "structural shift" in the locus of growth in the world economy.[7] This constitutes an enduring geo-economic shift that has already had and will continue to have geopolitical consequences, with attendant political risks and opportunities. This "structural shift" must, however, be distinguished from "economic shocks", like a financial crisis or an energy shock, that can have their own geo-economic consequences, sometimes accelerating the underlining structural shifts, sometimes slowing them down. Any analysis of the geopolitical consequences of economic change and the economic consequences of geopolitical trends and events must make a distinction between long-term shifts and short-term shocks, even as one recognises and takes account of the impact of one on the other.

Thus, China's economic rise is undoubtedly a long-term shift in the global economy that would be impacted by economic shocks such as a global debt crisis or an energy shock. The impact of economic "shocks" on structural "shifts" may be benign for some countries and malign for others. An oil shock would hurt China and India while benefitting Russia and Iran, but while it may slow down the rise of China and India, it is unlikely to alter the fact that the long-term global shift is in fact in favour of China and India compared to Russia and Iran.

The reason for this is that the "structural" or "institutional" factors that have contributed to long-term structural "shifts" in the

global economy are more enduring than the factors contributing to random economic shocks. There are at least four such factors that have come to define the geo-economics of the post-Cold War period. They are viz., knowledge power and demographic transition; fiscal capacity of the state; global economic competitiveness; and control over natural resources. These may be called the geo-economic "drivers" of strategic change.

All "Great Powers" have had a combination of attributes that have contributed to their ability to project power. Military might is only one of them. A country must have economic capacity and capability, a state with fiscal capacity, an educated workforce capable of using modern science and technology to promote economic growth and national power. How important one or the other attribute of power is, depends on historical factors. Britain became a major power in the 19th century through its maritime capability, industrial prowess and investment in building knowledge capacity, especially in science and technology. The US too had all these attributes plus access to enormous natural resources. If China has emerged as the dominant Asian power that is because its power, like that of other major powers in the past, is built not just on the foundation of military power or economic power or technological power or cultural power, but a combination of them all that Chinese strategists have long defined as Comprehensive National Power (CNP).

The foundation of China's CNP is its emergence as a geo-economic and, more recently, as a knowledge power, ready to rival the West in most fields of human capability. Other Asian nations like Japan and Korea have also emerged as knowledge powers but their power is limited by their size and the scale of their ambition. India has the potential to be a sizeable knowledge power but is severely handicapped by its inadequate investment in human capability building and the outmigration of considerable home-grown talent.

Asian multipolarity will have to be defined in CNP terms rather than purely in geopolitical or military terms. With the military power of any one country becoming increasingly circumscribed by nuclear deterrence and the building of floating alliances it is unlikely that

Asian multipolarity will be restructured through military victories. In fact, China's rise is a clear demonstration of the fact that economic capability and geo-economic relationships of inter-dependence have played an important role not just in China's rise but of other Asian powers.[8]

CNP and Asian Multipolarity

To ensure that Asia's historic multipolarity will continue into future, India will have to look inwards and develop a strategy for building itself as a knowledge power in all fields of knowledge – agriculture, industry, science and technology, defence and space – and enhance its CNP.

In his classic treatise on *Power*, Bertrand Russell suggested that just as the concept of "energy" is fundamental to an understanding of physics, the concept of "power" is fundamental to an understanding of society. "Like energy, power has many forms, such as wealth, armaments, civil authority, influence on opinion … The laws of social dynamics are laws which can only be stated in terms of power, not in terms of this or that form of power."[9] Russell believed that no one form of power can be regarded as subordinate to any other.

In Russell's view the military, economic, governmental and ideological power of the state taken together would define national power. It may be argued that scientific and technological power gets subsumed under all four, but for greater clarity, it is best to separate it out, given the weight of technology in defining national capability. Thus, national power may be a sum of a nation's military, economic, administrative, scientific and technological and ideological capabilities.

Not surprisingly, each of these aspects of power appears as a factor in the concept of national power defined by American, Chinese and Indian strategists. In a paper written for RAND, a think tank that has served the US Air Force since the Second World War, Ashley Tellis defined "national power" as "A country's capacity to pursue strategic goals through purposeful action. This view of national power suggests two distinct but related dimensions of capacity: an external dimension, which consists of a nation's capacity to affect

the global environment through its economic, political, and military potential; and an internal dimension, which consists of a nation's capacity to transform the resources of its society into 'actionable knowledge' that produces the best civilian and military technologies possible. Any effort at creating a useful national power profile must incorporate variables that capture these two dimensions."[10]

China and India also have developed their own concepts of national power in the context of a global reassessment of what constitutes "national power" in the post-Cold War world and following the Asian and Trans-Atlantic financial crises. The Chinese were particularly innovative when they proposed the concept of CNP, developed at the China Academy of Social Sciences (CASS). CNP was also defined in Russellian terms of being a combination of military, economic, scientific and technological, administrative and diplomatic capabilities of a nation. CASS developed a CNP index that was a weighted average of eight variables: Natural resources (0.08), domestic economic capability (0.28), external economic capability (0.13), scientific and technological capability (0.15), social development (0.10), military capability (0.10), government capability (0.08) and foreign affairs capability (0.08). All adding up to 1.[11] This original version has gone through many iterations as Chinese views on the relative importance of these factors changed. Two detailed studies on CNP have been done at United Service Institution (USI) and Center for Land Warfare Studies (CLAWS).[12]

Independent of US and Chinese efforts at defining "national power" in the post-Cold War era, we began our own effort through the institution of the National Security Advisory Board (NSAB). Constituted in December 1998, in the aftermath of India declaring itself a nuclear power, the NSAB was tasked to draft a report on national security. As convenor of the Group on Economic Security, the author was tasked to write the chapter on the economic power of the Strategic Defence Review (SDR), submitted to the government in 2000.

In writing this chapter the group on Economic Security was inspired by Kautilya's *Arthashastra* that first postulated, "From the strength of the treasury the army is born. … Men without wealth

do not attain their objectives even after hundreds of trials … Only through wealth can material gains be acquired, as elephants (wild) can be captured only by elephants (tamed)." Taking the view that the word "strength" and the word "treasury" have a wider meaning, that Kautilya's statement refers to the wider economic and fiscal capacity of the State and Nation, the chapter began as follows:

> "Economic power is the cornerstone of a nation's power in the contemporary world. The economic size of a nation matters and is an important element of national security. Low economic growth, low productivity of capital and labour, inadequate investment in human capital and human capability and a reduced share of world trade have contributed to the marginalisation of the Indian economy in the world economy. … China's sustained economic growth of the past quarter-century has increased its economic, political and strategic profile in Asia and the world. If the Indian economy does not catch up with China, in terms of economic growth and human capability, its wider security and global profile may be seriously challenged."

Accepting this view and the importance of investing in "comprehensive national power", the National Security Council commissioned an exercise to construct an index of national power. Edited annually by Professor Satish Kumar the Indian National Security Annual Review has been publishing from time to time the changing indices of national power.[13] Whatever the merits or limitations of such an index a policy fallout of the focus on CNP has been the importance accorded over the past two decades to economic performance, institutional capacity and human capability in defining national power.

The end of the Cold War and the Asian financial crisis of 1997-98, which in part contributed to the rise in Chinese power within Asia, were the context for much of the theorising on power in the 1990s.[14] The Trans-Atlantic financial crisis of 2008, with its disruptive impact on the Trans-Atlantic economies and further accentuation of China's geo-economic power, only increased the

relevance of economic performance to national power and became the backdrop for the emergence of new thinking on geo-economics.[15]

In 2011, the Union Ministry of Finance commissioned a study on the evolving dynamics of global economic power in the period after the Trans-Atlantic financial crisis (2008-09), offering a new Index of Government Economic Power (IGEP). The IGEP comprised of four variables: government revenues, foreign currency reserves, the export of goods and services, and human capital. These variables, the report argued, "broadly reflect aspects that contribute to a government's economic clout, voice and negotiating leverage by capturing elements like its ability to raise resources, its creditworthiness and credibility in international financial markets, its influence on global economic activity and its potential in terms of human resources."[16]

Without getting detained by disputations on the various indices of power, it would be more useful to consider the way the thinking on national security has been altered by attempts at its redefinition and measurement. The most significant impact on global thinking has been that of China's CNP because Chinese power, as of now and the foreseeable future, is defined by all the elements of CNP and not just military power.

The historical context in which the CNP was proposed as a measure of national power must be kept in mind. The Cold War ended not because the US defeated the Soviets on any given front but because the Soviet Union imploded. At the time the Soviet Union imploded the biggest worry for the US was the economic competition from Japan and the unification of Europe under the aegis of a resurgent Germany. In the Second World War, the Soviets were victors, the Japanese and the Germans the vanquished. Less than half a century later, Japan and Germany had emerged as new global growth engines, challenging the US dominance of the world economy, while the Soviet Union lay in tatters. Deng Xiaopeng drew the right lessons.

China had already embarked on a campaign of economic, military, scientific and technological modernisation. Its leadership understood that China may well emerge as the world's biggest nation and economy, but was far behind the US in terms of military,

scientific and technological and soft power. It, therefore, enhanced its geo-economic power as a means of acquiring geopolitical power. The 2008 Trans-Atlantic crisis further accentuated China's geo-economic power.

China, to be sure, has invested both in its military capability and in its economic capability. If there is a weakness in the Chinese model it is that China's economy has become globally dependent while at the same time raising global concerns about its rising power and assertiveness. This would explain the US President Donald Trump launching a "trade war" against China. His strategy echoes Edward Luttwak's concept of applying "the logic of strategy in the grammar of commerce, by restricting Chinese exports into their markets, denying raw materials as far as possible, and stopping whatever technology transfers China would still need."[17]

For these very reasons China has not only tried to re-orient its economy towards domestic consumption-led growth but through the BRI, it seeks to create new relations of inter-dependence across Eurasia. China makes it a point to remind trading nations that it is not only the world's largest exporter but also the world's biggest importer. Its ability to export cheap and import big is what locks developing economies into its orbit.

The experience of the post-Cold War period does bear out the relevance of the Chinese concept of CNP. We would do well to constantly measure ourselves on this scale to see where we stand and what we need to do. Even as India emerges as the world's most populous and youngest nation, inadequate investment in the eight parameters of CNP constrains India's emergence as a global power. This would, in turn, delay the emergence of a truly multipolar Asia.

Two critical areas of CNP to which we need to pay attention are human capability and quality of governance, or what the CNP calls "government capability". Both are vital to national power and power projection. An important asset for India that enhances its national power potential is its social resilience. A multipolar Asia is being constructed on the foundations of the geo-economic power and the social and political resilience of Asian democracies like Japan, India and the member countries of the ASEAN.

Despite a wide range of inadequacies and shortcomings, internal conflicts and external threats, the Indian society has been remarkably resilient because of its social and democratic institutions. Indeed, resilience is a more enduring feature of power than strength. This could well be one dimension of power along which India is ahead of China. India's political and social resilience is a source of national power. However, going forward such resilience must be matched with greater state capacity and human capability.

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2. India and the Multipolar World: Need for a New Narrative

Arvind Gupta

Introduction

Multipolarity, a concept in International Relations theory, seeks to describe the emergence of world order, based on a new balance of power. During the Cold War, the world was bipolar defined by two superpowers, the US and the USSR; then it became unipolar when the Soviet Union collapsed. Now it is becoming multipolar as the diffusion of power takes place. Multipolarity implies the existence of multiple centres of power, regional security architectures, regional trading arrangements, etc. The more powerful countries, or poles, can also be regarded as regional hegemons.

The world has mostly been multipolar except during the Cold War years of 1945 to 1989. The nation-state system, based on the notion of national sovereignty, was devised in 1648 with the Treaty of Westphalia. The Westphalian Treaty was the culmination of the thirty-year religious war between the Catholics and the Protestants living in hundreds of principalities spread across Europe. With so many sovereign states coming into existence, the task of maintaining a balance of power between them became onerous. Keeping sovereign states in equilibrium and a mutual check was essential. The frequent breakdown in the equilibrium among states resulted in numerous conflicts and wars. The lesson from the European experience is that multipolarity can easily lead to chaos.

The Napoleonic Wars of the early nineteen century destroyed the delicate equilibrium among established states of Europe. With the defeat of Napoleon, a fresh equilibrium was crafted at the Congress of Vienna. The equilibrium once again disturbed with the

unification of Italy and Germany in the second half of the nineteenth century. The system of alliances and counter-alliances, devised by Bismarck, kept peace in Europe till 1914. When the alliance system broke down, Europe was engulfed into a world war which pulled in countries like the US outside of Europe. The First World War saw the breakdown of several European empires at the same time. Many new countries came into existence, based on the idea of self-determination. Many artificial boundaries were drawn. The consequences of the redrawing of world map after the First World War continue to haunt even today.

The efforts to build a new world order after the First World War through the idea of a League of Nations failed, and the world plunged into yet another bloody war, the Second World War, during 1939-1945. Post the Second World War, the US took the lead to build an international liberal order premised on the idea of democracy, free markets, human rights and its own hegemony backed by nuclear weapons. Since this was not acceptable to the socialist countries led by the USSR, the world got divided into two camps which existed in a cold war state for 45 years until the end of the Soviet Empire. After the Second World War, the process of decolonisation was speeded up, and many new nations were born in Africa and Asia. Many of them joined either the socialist or the capitalist camp, while others came together on the non-aligned platform. Only one superpower, namely the US, was left giving rise to a unipolar moment in the evolution of the world order.

The unipolar world order was also short-lived. The turn of the new century saw a growing interest in the idea of multipolarity among the rising powers in Asia and other parts of the world. The idea of a multipolar world, however, remains a fluid concept. There are multiple conceptualisations of order and approaches to global issues. The rising competition for power and influence is at the heart of the ongoing struggle between the US and China in both the economic and military realms.

The fact is that there is no accepted definition of a multipolar world. The US wants to retain its global hegemony. It does not accept the existence of a multipolar world. Under Trump, the US

effort is to alter the shape of a liberal international order to make it more favourable to the US. This makes India, Russia, and China uncomfortable. As rising powers, they prefer a multipolar world in which they also have a voice and place. China appears to be in favour of a multipolar world at the global level and a unipolar world at the Asian level. By launching an ambitious BRI cutting across 70 nations, China has announced – loud and clear – its global ambition. As the US declines as a hegemon, the other powers talk about multipolarity.

How should one measure multipolarity? This is a complicated question. The influence of a country would be measured by its comprehensive national strength comprising of economic, military, technological, and cultural dimensions. In measurable terms, clearly, China, Japan, and India are leading economic and military powers in Asia. Russia is a Eurasian power straddling both Europe and Asia. It is undoubtedly a leading military power and an energy giant. The US, being a global power, has major strategic interests in Asia and leads all countries of the region in economic and military terms. It has built an alliance system which has endured the global changes.

Whether a multipolar world would be more stable or less is difficult to say. Weaker poles may merge with stronger poles leading to the existence of fewer poles. The game of geopolitical chess will be far more complicated in a multipolar world. Evolving and enforcing norms and rules of behaviour will be more difficult. We are already seeing this happen in the emerging areas of climate change, cross-border flows of data, cybersecurity, or lethal autonomous weapon systems based on modern technologies like artificial intelligence, machine learning and big data analytics. It will be difficult to stop the proliferation of emerging technologies with de-stabilising potential. Space is emerging as a new battleground of conflict. Cyber conflicts and cyber wars are already playing out in cyberspace. The traditional theories of deterrence are unable to deal with information and cyber warfare. Further wares are more likely to hybrid wars. Non-state actors are already playing a big role in contemporary conflict dynamic. Terrorism and radicalisation are driving several contemporary conflicts. Social media has emerged as a tool of choice for non-state actors.

How useful is the new construct of multipolarity in terms of describing the current balance of power and throwing up solutions for contemporary problems? While multipolarity captures the diffusion of power, it has limited validity in terms of throwing practical ideas to make the world a more peaceful, stable, equal, less greedy, less competitive and more cooperative and more liveable place. The present theories of international relations based on anarchy, cut-throat competition, zero-sum game, winner-take-all kind of thinking is unlikely to address today's existential threats like climate change, socio-economic disparities and rampant exploitation of nature. We will have to look elsewhere for ideas which work in the 21st century.

The Churn in Asia

Asia is also becoming multipolar as the traditional balance of power in Asia changes. The centre of gravity of power is shifting towards Asia with the emergence of new powers. In the Asian context, the US, China, Japan, Russia (Eurasian Power), India, Indonesia, Iran, Saudi Arabia can be considered as important poles. There are signs of erosion of the US influence and China's assertive rise. The competition between the US and China for influence in Asia is increasing as reflected in the ongoing US-China trade war. The assertive behaviour of a rising China which harbours deep suspicion about the US drives much of geostrategic dynamic in the Asia and Pacific region. The Indo-Pacific is a new geostrategic concept whose relevance is being debated. Despite the existence of many regional institutions like Asia-Pacific Economic Cooperation (APEC), EAS, ADMM-Plus, ARF, BIMSTEC, Indian Ocean Rim Association (IORA), Indian Ocean Naval Symposium (IONS), Quad, SCO, etc., there is no common rule-based architecture in the conflict-prone region. The multiplicity of institutions is indicative of multi-polarity in Asia but the lack of a common thread binding these institutions indicates a degree of anarchy. Some institutions like the Quad raise apprehensions among China and other countries.

The major countries are following ambitious policies focused essentially on safeguarding their own interests. For instance, China pursues the China Dream as it carries out ambitious modernisation

of its armed forces. It focuses on new types of relationships in the neighbourhood as well as with great powers. These policies are focused on enhancing China's influence and reach. BRI is a manifestation of China's determination to rise to the top of the global power hierarchy. BRI is characterised by unilateralism and lack of consultations. This raises concerns among many countries regarding China's true intentions.

Japan, faced with many security dilemmas with respect to China, North Korea, and Russia, is also looking to reinvent itself as a major power. Efforts to revise Article 9 of its constitution are going on. By removing the self-imposed constraints on its military powers and action, Japan wants to become a normal power. While its dependence on the US for security continues, the future is uncertain. Japan is also diversifying its foreign policy. The efforts towards normalisation of its relations with Russia will impart a new character to Japan's foreign policy. Meanwhile, it has begun to engage with the ASEAN, India and the Quad more intensely.

ASEAN countries see themselves as the anchor of stability in the region. But increasingly, they must reconcile themselves to living under China's shadow. The fissures in the ASEAN unity have come to the fore. They are not sure of the US commitments to their security in the face of China's assertion. They also view concepts such as the Indo-Pacific and the Quad with scepticism fearing that new concepts would compromise their ability to anchor a regional order. ASEAN countries – tightly linked with China, whom they fear as well – have little room for manoeuvre in the new multipolar Asia.

Australia has developed a huge economic dependence on China while it depends on the US for security. Therefore, it has been compelled to hedge between the US and China. It has an ambiguous approach towards the Quad.

India is deepening its AEP and supplementing it with the Indo-Pacific and the Quad. India's strategic interests lie between the eastern shores of Africa to the Pacific. Therefore, it is pushing for a wider and more "inclusive" concept of the Indo-Pacific order, which does not necessarily coincide with those of other countries. The emphasis on inclusivity has caused some scepticism in the other

members of the Quad. The key issue before India is whether its AEP will be expanded to include a robust security dimension. India will also need to improve its delivery record on various connectivity projects it has undertaken.

Asia's geopolitical contours will be defined by the outcome of the US-China contest for supremacy in the region. The US-China trade war, which encompasses tariffs and intellectual property, is one example. China fears containment in the US-sponsored idea of the Indo-Pacific and the Quad. The US also insists, on Freedom of Navigation in the South China Sea and adjacent regions and carries out Freedom of Navigation Operations (FONOPS), which irritates China. The US is finding new partners to deal with emerging realities in Asia. It has granted a defence partner status to India which causes concern in China as well as Russia. India has signed certain foundational agreements with the US which improve inter-operationally between the US and Indian defence forces. This has raised questions in many places whether India is moving towards establishing a military alliance with the US. This has been denied by Indian analysts. The US is committed to strengthening its security alliances and providing support to partners like Taiwan, Japan, South Korea.

Russia is a Eurasian as well as a Pacific power. Its role in the Indo-Pacific is often neglected. It is a member of the APEC, EAS. But its narrow economic base makes it a weak power in the region. The dependence on China, fuelled by Russia-West chasm, is also its weakness. Russia is suspicious of concepts like the Indo-Pacific and would rather have Eurasian cooperation concept. In the long run, China's rise would constrict Russia too. Russia has floated its own concept of the Eurasian Economic Union (EEU) in which Russia would dominate.

Thus, we see that different countries have different approaches to the growing multipolarity in Asia.

Recent Events which throw Light on the Inadequacy of the Asian Regional Order

There is a long list of crises which bring out the inadequacy and lack of regional order in Asia. In many instances, force or the threat of

the use of force has been used to resolve the issues. Some of these are:

- The militarisation of disputed islands in the South China Sea, taken possession by China;
- The China-Japan dispute over the Senkaku Islands;
- The Chinese threats to Taiwan;
- The Rohingya refugee crisis;
- Trade frictions between the US and China;
- The growing footprint of ISIS – Islamic State of Iraq and Syria – ideology in South East Asia and South Asia, the Siege of Marawi (2017) in the Philippines and the Easter Sunday attacks on churches in Sri Lanka in April 2019;
- The inability to deal with countries promoting terrorism and radicalisation;
- The inability to deal with the recurring natural disasters and their aftermath;
- The US withdrawal from Joint Comprehensive Plan of Action (JCPOA) with respect to Iran's nuclear programme;
- The US sanctions on Iran and Russia that impact its partners and allies as well.

The interplay between different countries and institutions impacts the political, economic, security environment in Asia. While there are a plethora of institutions, dispute resolution mechanisms are few and far between. The hegemony of the US in Asia is being challenged. China has risen but its hegemony is still doubtful. No single country can play a decisive influence in the region. Nations in Asia are interacting with each other at an unprecedented scale, but the effort is to maximise their respective national interests. There is a disconnect between economics and politics. This is also a major cause of tensions.

There is a danger of the flare-up of fresh tensions amongst major powers. The US describes China and Russia as strategic rivals. The contest for supremacy between the US and China is playing out in various dimensions.

With the demise of the Intermediate-Range Nuclear Forces (INF) treaty, a new situation is shaping up in which China's intermediate-

range missiles are going to become a focus of attention in the calculations of global stability. China has refused to be a party to any global treaty on medium-range missiles. This new phase of arms race may be played out in Asia where the US, China and Russia are developing the hypersonic weapons capability which will seriously dent the traditional nuclear deterrence. The three powers also have significant space and cyber capabilities that are crucial for global stability or instability.

India's Approach

India is conscious of the rise of the multipolar world and is prepared to play a role in consonance with its comprehensive national strength. While it has strengthened its relations with the US and Japan, it has also been an active player in grouping of BRICS, RIC trilateral, SCO, EAS, etc. India's key concern is to retain the independence of its foreign policy and autonomy in international relations. It is not in favour of a military alliance with anyone. Non-alignment has been replaced by a policy of multiple strategic partnerships. The key challenges to its foreign policy in the near future will remain to navigate through a world whose contours will be defined by the US-China-Russia dynamic. For the moment, India lacks the power to shape global rules and regional architectures. But the situation will change in the next ten years or so as its comprehensive national strength grows.

In practical terms, India has deepened its AEP while continuing to recognise the centrality of the ASEAN in the regional structures. It has multiple strategic partnerships particularly with the US, Japan as well as with Russia. It participates in the Malabar series of exercises, the Quad, and host of regional institutions. While there are unresolved issues with China, the focus has been to build trust and manage relations with it.

India also faces many challenges and constraints in pursuing a balanced foreign policy, which retains its autonomy of action. Navigating between Russia, US and China is a challenge. The US pulls India in one direction. China and Russia do so in another direction. India is not in a position to take sides in tensions and

conflicts involving major powers. Its share of global gross domestic product (GDP) and global trade is still low to make an appreciable difference to the global situation. It is not a permanent member of the UNSC. Its economy is growing, but the level of innovation in the economy is still low. It still has to develop its military capabilities, including the capability of its navy to project force far away from its shores. This will require resources which are difficult to come by. India will need to increase its defence expenditure, which presently is around 1.5 per cent of its GDP, which is low for an emerging power with multiple security challenges. Its economic engagement with the ASEAN and other countries is still at a low level. Further, it faces serious security dilemmas from China and Pakistan, including their nexus.

What should India Do?

Policymakers face the task of building India's economic military, technological and diplomatic capabilities to position India as an influential player in the multipolar world. It needs to enhance its visibility in the Indo-Pacific, push for the institutionalisation of the Quad, strengthen partnerships with the US as well as Russia, and not neglect Eurasia which is as important as the Indo-Pacific.

In order to contribute to a peaceful and stable multipolar world, India needs to come out with distinct initiatives in some specific areas such as building important partnerships for countering radicalisation and terrorism, strengthening cybersecurity, dealing with climate change, capacity building, helping build food –, water –, energy – and health security, etc. There is a lot of appetite in many Asian countries for this kind of engagement. India's developmental experience – digitalisation of the economy, e-governance, direct benefit transfer, International Solar Alliance, providing health security to the poorest through innovative health insurance schemes, strengthening democracy in a 1.3 billion strong country, etc. – will be of interest to many countries. India has strengths, but it needs to pursue a strategy for an inclusive *Sabka Saath Sabka Vikas* (we grow together) kind of approach, which is an alternative to a competition-based approach prevalent today.

Further, India must continue with its effort for the reform of multilateral institutions, including the UNSC. India is amongst the largest contributors to the UN peacekeeping missions. A permanent seat for India in the UNSC will help.

Conclusion

In order to navigate through a turbulent world, India must harness its natural strengths which lie in its civilisational character and soft power. Looking at the world purely from the point of view of the balance of power will be a mistake. The balance of power does not necessarily bring peace. Further, any breakdown in the balance of power can lead to conflagrations. This has been the lesson of the 20th century.

The world needs potent ideas which prioritise peace over conflict. The balance of power theory is a limited concept which does nothing to mitigate the misery and sufferings of millions of people who are affected by crushing inequalities and disparities, conflicts, disasters, lack of governance, terrorism and radicalisation, extremist ideologies, etc. Different approaches are required to deal with such a world.

Indian thinkers like Swami Vivekananda, Rabindra Nath Tagore, Gandhi, to mention a few, had realised long ago that the 5000-year old Indian civilisation, characterised by tolerance, harmony in diversity, ethics and morality, non-violence and the search for truth, had a message for the modern world marked by wars, conflicts, and violence. Gandhi's basic idea of "trusteeship" is valid in the context of the environment. The present generation is only a custodian of nature's wealth, it cannot exploit them to the detriment of future generations. It holds the wealth in trust, to be passed on to the next generation. These ideas need to be incorporated in the new models for the emerging world.

It will be a mistake to see these concepts as pacifist and utopian. The harsh reality of realism cannot be neglected. This is clear from a reading of Kautilya's *Arthasastra,* a treatise on statecraft written in the fourth century BC. The king was exhorted by Kautilya to act in the interest of his *praja* or the people. He was to follow a

strict code of conduct, the *dharma* (not to be mistaken for religion, a wrong translation of the word). He was also advised to maintain internal strength and external alliances. His foreign policy ought to be informed by the concept of "Mandala Theory", a system of alliances based on a realistic assessment of the ground situation. However, the power had to be used soberly in accordance with the *dharma*. The search for the rule-based order is essentially a search for *dharma* in a multipolar world.

Mention may be made here of a unique initiative taken by Prime Minister Modi and Prime Minister Abe in 2015 to launch an initiative called the *Hindu-Buddhist Samvad*, or a dialogue amongst the Hindu and Buddhist civilisations of Asia. Four meetings of scholars, thinkers, practitioners, and experts were held during 2015-18 in which scholars of other religions have also participated. Several interesting ideas emerged from these meetings.[1] These ideas are aimed at generating alternative thinking to ensure that the world remains peaceful, the environment is respected, and conflicts are avoided. The India-Japan joint statement of October 29, 2018, issued after Prime Minister Modi's visit to Japan in 2018, has an interesting formulation which says, "… the two Prime Ministers resonantly elucidated in the series of *SAMVAD* Dialogues, the universal values of freedom, humanism, democracy, tolerance and non-violence, which have been shared between India and Japan throughout a long history of academic, spiritual and scholarly exchanges, not only constitute the basis for the India-Japan bilateral relationship, but also underscore the principles for the two countries to work together for the benefit of the Indo-Pacific region and the world at large".[2] We need more such dialogues and ideas.

The world has been run on Western ideas for a long time. Western scholars are beginning to realise that international relations theory is running out of steam. They are also looking for new ideas. The Chinese are searching for new ideas based on Chinese experience. Why not India?

Indian scholars and thinkers should reflect seriously towards building a narrative, based on the characteristics of Indian civilisation and India's cultural experience. Prime Minister Modi,

speaking at various multilateral fora, has spoken about themes such as *Vasudhaiva Kutumbakam* (World is a family), *Sarve Bhavantu Sukhinah (peace for all)*. These are reflected in his foreign policy approaches such as Security and Growth for All (SAGAR) and *Sabka Saath Sabka Vikas (we work together for everyone's development)*, which can be applicable to the global situation as well.

PM Modi has been at the forefront of exploring the ideas which he thinks for the modern world. In his speech at Davos at the World Economic Forum in 2018, he dug into India's scriptures and highlighted many ideas. He referred to a hymn in Rig Veda which might be acceptable to all:

"ॐ सह नाववतु । सह नौ भुनक्तु । सह वीर्यं करवावहै । तेजस्वनिा वधीतमस्तु मा वद्विषिावहै ।"

Which means: "May we all be protected. May we all be nourished. May we work together with great energy. May our intellect be sharpened. May there be no discord between us."

The need to build alternative models for a peaceful and stable world is now. India must overcome its defensive mindset. It can certainly contribute to building an alternative narrative for a multipolar world.

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3. Beijing's Vision of the Asian Order: Promoting a Community of Shared Future

Jingdong Yuan

Introduction

China's rise in the 21st century is changing the geopolitical and geo-economic landscapes in Asia. Four decades of economic reform and opening-up have transformed China from a poor developing country into an economic powerhouse and the second-largest economy in the world since 2010. While recent economic growth rates have slowed down by a third compared to the levels it enjoyed in the previous two decades, the Chinese economy continues to expand and has begun to move into some of the leading technological sectors such as 5G, artificial intelligence, industrial automation, among others. The ongoing trade war between the US and China is much about the former's trade deficits as it is Washington's response to Beijing's ambitions in seizing the commanding heights in critical technologies, as explicitly expressed in the Made in China 2025 agenda.[1]

China's growing economic power has enabled Beijing to pursue diplomatic activism and major defence modernisation programmes. The latter has witnessed three decades of continuous increases in defence spending, a major reorganisation of the military toward jointness and a more efficient command structure, and significant overhaul in its equipment procurement, personnel recruitment and retention, and increasing overseas expeditions and engagement. The People's Liberation Army (PLA) is transforming itself from a traditional land force into a lean, high-tech, and more professional military ready and able to fight and win wars.[2] Meanwhile, Chinese diplomacy has also transformed from passive observation and participation into one

of activism, assertiveness, and confident leadership. China is a major contributor to international peacekeeping, an advocate for managing climate change and the global trade system, and a key stakeholder in resolving the North Korean nuclear issue.[3]

China's rapid ascent to great-power status is taking place at a time of the relative decline of the US power and, over the past decade, ambivalence in America's continued leadership and its willingness to help maintain the Indo-Pacific order. While President Trump's America First rhetoric has caused significant anxiety among its allies and partners, there are signs that Washington remains committed to retaining, rather than ceding power, to China.[4] At the same time, the post-war US alliance structure and emerging politico-security networks in the region are contributing to the formation of both geostrategic bipolarity and geopolitical multipolarism, which may accommodate differences and facilitate economic interdependence, and cause frictions and even intense rivalry between and among the region's major powers.[5]

This chapter reviews Beijing's perspectives on international order, multipolarism, and China's place in the world, with a particular focus on the Indo-Pacific region. It argues that while Chinese diplomacy under President Xi Jinping has become more active, confident and at times assertive, its foreign policy is by and large informed by its domestic agendas. These include the legitimacy and continued rule of the Communist Party, economic growth and an increasing emphasis on sustainable growth, and national reunification.[6] Accordingly, Chinese diplomacy seeks to secure a stable international environment conducive to its economic development, reform, rather than replace the existing international order, especially its liberal economic component, while at the same time developing institutions that promote its own interests.[7] Beijing promotes multipolarity and advocates democracy in the international system; however, it has also displayed a sense of confidence and assertiveness in promoting Chinese models of economic development and security in the region.

China Debates International Order and Multipolarism

China's rise has contributed to the growth of an international order and the geostrategic future in the Indo-Pacific. Realist school

typically depicts growing Chinese power as invariably posing serious challenges at both global and regional levels, in particular in the inevitable rivalry between China as the rising power and the US, the reigning superpower.[8] Some analysts remain confident that although serious and potentially devastating, the US-China rivalry is still manageable and requires both powers to exercise restraints and provide reassurance to each other.[9] Yet, others recognise and encourage China's contribution to the international order as a stakeholder, with strong conviction that the liberal international order, with its rules, norms and webs of institutions, is capable of accommodating and even socialising rising powers such as China.[10]

While space does not permit a detailed discussion of the post-war liberal international order, suffice it to say that any order, liberal or otherwise, is typically predicated on the distribution of power at the time of its creation. Its continued relevance and indeed its very legitimacy requires adjustments and changes with changes in the distribution of power among its members.[11] Instead of one international order, there can be and in fact, there have always been, multiple orders – economic, security, and others – with different compositions of memberships, leadership, and acceptance of norms based on rules and institutions associated with these orders.[12] This is especially the case where global and regional governance is concerned, with its legitimacy, acceptance and effectiveness strongly influenced by distribution and hierarchies of power among major forces at the international and regional levels.[13] In Asia, for instance, the liberal international order has always faced challenges in that developmental, state-interventionist model has been in co-existence with the liberal, market-oriented model of development during and since the end of the Cold War. In recent years, with the rise of China, and in particular since the 2007-08 global financial crisis, the US-led liberal order has become even more precarious even as some of its elements remain resilient and indeed have been adopted by most countries in the region, including China.[14]

The region's security order, on the other hand, has historically but partially been based on the so-called San Francisco System, where the US-dominated post-war settlement, the US-led hub-

and-spoke system of military alliances have co-existed as well as contested with the former Sino-Soviet bloc that also for decades included North Korea and North Vietnam. With the end of the Cold War and the disintegration of the Soviet Union, the regional security order has been characterised by the continuation of the US-led alliances, the emerging multilateral institutions led by the ASEAN, such as the ARF and the ADMM-Plus, and such Track-II initiatives as the Council on Cooperative Security in the Asia-Pacific (CSCAP), and China-led initiatives, including the Six-Party Talks (SPT) on the North Korean nuclear issue. While the ASEAN has played a critical role in the early post-Cold War years in introducing multilateral security institution-building based on the principles of inclusiveness, gradualism, and dialogue-driven consensus, in recent years, it is China and the US that have been affecting the most significant impact on the regional security order where the two great powers compete as well as cooperate on issues from security architecture, to nuclear proliferation and territorial disputes in the South China Sea.[15]

Our understanding and analysis of how China views the international order, and its preferences for and resistance to aspects of such an order must, therefore, be placed in the larger contexts of its historical experiences, power redistribution and demands for changes within that order. From a historical perspective, China's experiences with the international system from the mid-19th century until the establishment of the People's Republic of China (PRC) were deeply humiliating and for a long time influenced its attitudes toward the outside world. Since the early 1970s, it has travelled a long way toward accepting the major tenets of the post-war international order, especially its economic components and its Westphalian foundation of state sovereignty, and some elements of multilateralism, while remaining suspicious of and resistant to the post-Cold War western agendas of redefining sovereignty and interventionist policies in the pretext of protecting human rights and promoting democracy.[16] Indeed, since 1971, when China was reinstated in the UNSC and more recently, its membership in the World Trade Organisation (WTO) in 2001, it has joined hundreds of international and regional

governmental organisations and developed domestic legislation based on international law, conventions, and rules.[17] In the Indo-Pacific region, China has joined and endorsed such institutions as the APEC, ARF, EAS, and is actively promoting the RCEP.[18]

China has been a long-time advocate for multipolarisation of international affairs and equality among states. It supports efforts to elevate the role of developing countries in global governance and G-20, and continues to emphasise the legitimacy of the UNSC as the arbiter in addressing international security issues. At the same time, it criticises military alliances and power politics as the relics of the Cold War, and remains ambivalent with regard to such concepts as the Responsibility for Protect (R2P), fearing that such exercises pose serious threats to the sanctity of state sovereignty and could be abused by Western powers, the US in particular, as excuses to interfere in other countries' domestic affairs.[19] Despite its growing status and capabilities, China remains a conflicted power and a conservative one, choosing to endorse and participate in certain aspects of the current international order, but at the same time staying out of areas where its interests are less vital but the costs could be high.[20] Indeed, while it is widely recognised that China and the US are indispensable in dealing with many of the global and regional issues ranging from nuclear non-proliferation to climate change, Beijing resisted the so-called G-2 proposal in the aftermath of the 2007-08 global financial crisis, preferring to endorse the G-20 as the right forum to handle global economic and financial challenges.[21]

There is no question that China has benefited enormously from the current international order even though it has always been wary of its "liberal" aspects. China has preferred to choose those aspects which are beneficial to its pursuit of great power ambitions. It does not embrace the existing international order in its entirety for fear of regime endangerment.[22] Indeed, the Chinese analysts readily acknowledge that the existing international order remains an acceptable governance structure and the broader framework within which inter-state – yes, Beijing remains an avid promoter of the Westphalian state system – relations should be conducted and global issues discussed, and solutions found and agreed upon. But it is also

highly critical of those aspects of the international order and the Indo-Pacific replication based on the post-war San Francisco system of security arrangements and military alliances. With its growing power, China has been demanding and can be expected to ask for more, influence and share of agenda-setting and decision-making in the international system, and additional reforms reflecting and promoting its own interests.[23] While not seeking to replace the current international order, Beijing is actively promoting – and indeed has been active in laying the groundwork; see the next section – an alternative vision of international order based on an abstract concepts of the so-called "harmonious world," "Community of Common/Shared Destiny," "a new type of international relations" of "win-win cooperation," and networks of partnerships between states.[24]

One of the key tenets of the Chinese foreign policy is to build a community of common destiny that is based on "a new type of international relations." In essence, Beijing envisions a new international order that will no longer be dominated by the US-led military alliances, interventionist driven by human rights norms and therefore justifying Western powers' interferences in other countries' domestic affairs, and highly competitive and zero-sum in nature. While China has for the most part been a passive bystander and rule-taker since the early 1970s, under President Xi, it has become more proactive in partaking in debates and decisions on major international issues such as climate change, and engaged in activities that aim to both change the discourse on order and the ways whereby important decisions get made. Specifically, President Xi is introducing new agendas meant to fundamentally reshape global governance and hence transform the current international order in five areas critical to China's ambitious rejuvenation blueprint – development, politics, security, culture, and environment. While there are no clear indications that Beijing is deliberately challenging or seeking to replace the current liberal international order – and indeed if the Chinese leadership wants to do that – there is no question that China is reframing the discussions in some, undermining rules and norms in other aspects of this order.[25]

China and the Practice of Multipolarism in Asia

While Chinese visions of an international order remain ambivalent and evolving, Beijing's diplomacy in practice in support of multipolarism in Asia has been multi-faceted, active, and increasingly confident and assertive. In the regional context, Chinese leaders are now calling for a new Asian security architecture based on common, cooperative, comprehensive and sustainable security. Chinese diplomatic activism has been informed partly by the need to address serious and potential threats to its core interests, partly offered by opportunities to extend its influence and promote a China-centred vision of order in the region, and partly by an ambitious agenda to establish pre-eminence or at a minimum parity with the US. The SCO, the Conference in Interaction and Confidence Building Measures in Asia (CICA), the launch of BRI and the establishment of the AIIB, and its military build-up are all embodiment of multipolarism with Chinese characteristics.

However, it remains to be determined whether Beijing seeks to ouster Washington's influence and role in the region entirely or not. It is also not clear that every action undertaken by Beijing by default is a deliberate challenge to the US interests. The once-popular notion that a dualist Asia was emerging where China dominated the economic sphere while the US remained the ultimate security guarantor is subjected to more serious scrutiny where both economics and security must be considered in an integrated manner rather than treated as two completely separated arenas of great power contention.[26] Even in the security arena, despite President Xi's call that "it is for the people of Asia to run the affairs of Asia," it may be simplistic to assume that China views in zero-sum terms the security issues in maritime as opposed to continental Asia. Whereas Beijing contests Washington's role in the former due to its sovereignty (Taiwan) and territorial (the South China Sea) concerns, it has largely remained contented in condominium with Russia and not objected the US role entirely, especially with regard to the stability of Afghanistan.[27] The Trump's "America First" rhetoric and his transactional approach to managing alliance relations are causing significant concerns in the region. Nonetheless, it is not clear

that the Indo-Pacific is witnessing a power transition, even though power diffusion is taking place and the lack of leadership will define regional geopolitics for the coming decades, where an emerging order will be negotiated as much as it is contested.[28]

The establishment of the SCO in 2001, following a decade of border negotiation and confidence-building between China, Russia and three former Soviet republics in Central Asia, was initially driven by the need to address emerging non-traditional security challenges of terrorism, ethnic separatism and religious extremism – the so-called "three evils" – in a region of fragile state formation, porous borders, and trans-boundary illicit activities in the aftermath of the breakup of the Soviet Union. Built upon the principle of mutual respects for one another's sovereignty, political autonomy and internal affairs, equality and consultation, and close policy consultation in managing these challenges, this new regional organisation seeks greater cooperation in other areas. The SCO has over the past two decades developed key institutional mechanisms such as annual summit meetings among heads of states and governments, regular ministerial consultation, and bi-annual joint military exercises. It has gradually consolidated to expand membership (India and Pakistan in 2017) and include a growing number of observer states and adopted common positions on major issues in international affairs, including advocates for a new type of international relations.[29] The SCO now has become a key component of Chinese vision of regional order based on what Beijing considers to be the new type of international relations of mutual respect, equality, and consultation. It also contributes to China's growing strategic interests in Eurasia's vital role in its energy security and BRI.

The CICA has been a relatively unknown and loose regional forum established in the 1990s. When China became the forum's chair in 2014, President Xi seized the opportunity to both revive the dormant organisation and to announce a new vision of Asian security, later included in a major foreign policy document in 2017. The central theme of Xi's remarks rests on the idea that security can only be achieved when it is commonly shared by all concerned and through dialogue and cooperation; is comprehensive in that it

addressed both traditional and non-traditional security issues, and can be sustainable through economic development and prosperity. In what is considered a clear rebuke to the US, Xi calls for Asians to manage their own affairs.[30]

The launch of BRI in 2013 represents an ambitious Chinese effort in connecting China with over 80 countries in Asia, Eurasia, Africa, and Europe through major infrastructural projects, coordination of policies, and promoting an economic model that is state-driven and capital intensive, and is devoid of traditional development financing based on accountability, good governance, and feasibility. With a pledged investment of $1 trillion supporting hundreds of projects, BRI has drawn significant attention and been both praised and criticised. This chapter will not debate its merits and/or demerits but will point out that if successfully implemented, it will fundamentally transform the geostrategic landscape of an unprecedented proportion. It will lend China asymmetrical power and reset rules and norms in economic development and extends Beijing's influence far and beyond the Eurasian landmass.[31]

While not explicitly articulating a Chinese vision of regional order in the Indo-Pacific, Beijing's criticism of military alliances with the US as the hub, and its increasingly assertive and even aggressive stance on territorial disputes, and its increasing use of economic leverage to support its diplomatic agendas (e.g., the punitive measures against South Korea in response to Terminal High Altitude Area Defence (THAAD) deployment),[32] is sending a rather clear message that multipolarism and equality notwithstanding, Chinese core interests take precedence over the nicety of "win-win" and a "community of shared/common destiny". China's growing capabilities enable it to resort to hard, sharp, as well as soft power tactics. Its growing military power also assists its efforts in expanding its sphere of control and its deployment of anti-access and area denial (A2/AD) allows it to engage in an asymmetrical competition with the US.[33]

The US responses to China's rise and indeed its China policy over the decades has largely been defined by a strategy of engagement. Washington hopes that with the growing economic interdependence and with China increasingly integrated into the international system,

i.e., a liberal international order, the US would benefit from a prosperous emerging power, a stakeholder that accepts the norms of the existing order, that is both a major supplier of consumer goods and a potential future market for American products. However, over the past decade, China's rise has increasingly been viewed as posing a significant challenge to the US interests and there are growing doubts within the US about the merits of its engagement strategy.[34]

The Obama Administration launched the "Pivot" to Asia initiative aimed at countering China's growing assertiveness in the region, and the initiative was built around a combination of diplomatic, economic and military policies. The "Pivot" served to demonstrate US resolve to remain a key player in the region, while sending the signal to China that Washington was willing to work with Beijing on issues of mutual concerns, in particular with regard to the North Korean nuclear challenge, but would push on Chinese assertion in areas such as the South China Sea and any deliberate attempt to replace the US as the region's predominant power.[35] The administration was initially receptive to Beijing's proposal to build a new model of the major power relationship between the world's rising power and its reigning one but quickly distanced itself from the concept to place more emphasis on the importance of respecting the rule-based order.[36]

The Trump administration has adopted a much strong stand on China. While the early months witnessed both Beijing and Washington making efforts to build a stable relationship and indeed President Trump often taunted – and continues to do so – his strong personal relationship with President Xi, bilateral relations quickly soured with Trump placing greater emphasis on trade, and especially with his imposition of tariffs on Chinese goods and targeting on Chinese tech companies such as Huawei, with a clear aim to force China to play by the rules of the existing international trade arrangement.[37] But the strategic implications are clear. The administration has also published National Security Strategy (NSS) in 2017, National Defence Strategy (NDS) in 2018, and the Indo-Pacific Strategy Report (IPR) in 2019, which explicitly identify China as a revisionist power and a threat to the existing international order. In addition,

the US Congress has passed a series of legislation that reaffirms America's commitments to Asia, including more public support of Taiwan. Washington is engaged in serious debates on how to respond to the Chinese challenge to the existing international order and more importantly, how to assess Beijing's diplomatic, economic, and military initiatives in Asia and their longer-term implications not only for the regional order but also for America's place in it.[38]

Conclusion

China's vision of international order and its perspective on multipolarism in the Indo-Pacific continue to evolve and to some extent are both a reflection of its domestic agendas and a relational outcome of its interactions with other key stakeholders in the international order and regional multipolarity. While it is a growing power, especially its position as a major trading partner to most countries in the Indo-Pacific and a serious competitor with the US, it continues to be constrained by the existing international order in both its systemic and normative structures. The former suggests even though China has now become the second-largest economy in the world and an economic powerhouse in the region, its rise remains conditioned by its ability to maintain relatively stable relationships with other key players with which it has deep economic interdependence but shares significantly much less political and security amity (and indeed has unresolved territorial disputes with quite a few of them); the latter points to a severe hurdle for Beijing's advocacy of and receptivity by other powers – the shared and deeply entrenched values, norms, and rules that constitute the current international order.[39]

China's pursuit of multipolarity and an international order based on its own vision of how international relations ought to be will continue. And some of its views are shared by emerging powers such as India, which also desires to be recognised and seeks to play a more active role in international and regional affairs. Where the so-called "Community of Shared/Common Destiny" refers to an international society that must confront such serious issues as climate change and sustainable economic development, Beijing can expect

to find partners, including those in the Indo-Pacific. Its ambitions and behaviour will be influenced by what other key players, and in particular the US will do, and how they respond to Chinese actions. In this context, it may be more accurate to characterise the ongoing regional geopolitical and geo-economic transformations as power diffusion than power transition, as the latter remains elusive to define. What is likely is a region of multipolarity less in the structural terms as each pole's power ingredients would vary, but more usefully captured in the formation and reformation of partners in responses to specific issues.

Finally, Beijing's drive for a new regional order is as much ad hoc as it reflects a grand design. While much has been said about the emerging authoritarianism and how it challenges the existing liberal international order, the appearance of the ascendancy of revisionist states, as both China and Russia have been characterised by the West, is largely a consequence of disunity in the latter than an inevitable victory by the former. Recent developments in the US-China trade dispute, and the Trump administration's offensives against Chinese techno-nationalism, and the growing and concerted transatlantic efforts in pushing back Beijing's trading practices, demonstrate the resilience and significant interest in preserving the essential elements of the international order.

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4. The United States' Indo-Pacific Policies Debate

Satu Limaye

Introduction and Background

The growing significance of the Indo-Asia-Pacific region for the US is evident from empirically measured data about US national and local trade, outward and inward investment, employment via trade and investment, the ethnic composition of US citizens, and people-to-people connections, not to mention alliances and an increasing number of diplomatic-security partnerships. These facts are important not only on their own but also to contextualise debates within the US itself about the degree and kinds of international engagement the country should pursue.

These facts also address occasional charges from the region that US policy is aimed only at countering rising powers, and that the US is not "part of the region" and cannot be counted upon to remain committed to a role in the region because its interests and commitments are narrow. In fact, the depth, scope and content of US interests in the Indo-Pacific argue for a strong and balanced policy commitment beyond security interests or policy only about and at one country. Here are some basic facts about the US interests in and interactions with the region:[1]

- The Indo-Pacific is the US' largest trading partner with nearly $2 trillion in trade. The region accounts for 30 per cent of US goods and services exports.
- Three million jobs in the US are supported by exports to and investment from the Indo-Pacific. For example, California's jobs supported by the US exports to Indo-Pacific markets have increased from 125,000 jobs to over 300,000 in just the past five years.

- The Indo-Pacific's foreign direct investment (FDI) in the US grew by 112 per cent (from $323 billion to over $684 billion) and the US FDI in the Indo-Pacific grew by 87 per cent during the past decade.
- The US and Indo-Pacific exchange nearly 28 million visitors and spending by these tourists contribute almost $90 billion to the US economy in a single year.
- Some 730,000 students from the Indo-Pacific, more than twice the number from the rest of the world combined, contribute over $25 billion to the US economy.
- Asians are the fastest-growing ethnic population group in the US, and a rising number of citizens and hence voters. Indo-Pacific immigrants recently accounted for 29 per cent of naturalisations in the US, nearly 216,500 persons.
- The US and the Indo-Pacific share over 1,000 sister-state and city relationships; more than with any other region in the world.
- Finally, the US has five regional allies and a significant forward-based military in the Indo-Pacific region and conducts hundreds of exercises, exchanges and security activities in cooperation with Indo-Pacific partners. These are not just national-level activities. Twelve Indo-Pacific countries have partnerships with the US state national guards.

Concrete American interests in interactions with the Indo-Pacific are deeply and widely established and there are whole-of-government and whole-of-society engagements with the Indo-Pacific region.

Two successive administrations have articulated, in greater or lesser detail, distinctive strategies for the region.[2] The Obama Administration starting in 2011 had its "rebalance" or "pivot" to Asia, and the Trump administration since taking office in January 2017 has articulated and is seeking to build its vision of a FOIP strategy. The Trump Administration's strategy, in turn, builds on Indo-Pacific policy pronouncements by key US allies Japan and Australia as well by partners such as India and takes into account the perspectives of numerous partners who are members of the

ASEAN which has issued its own ASEAN Outlook on the Indo-Pacific (AOIP) policy.[3]

On June 1, 2019, the US Department of Defence issued the first report specifically on the Indo-Pacific region since 1998: *Indo-Pacific Strategy Report (IPR): Preparedness, Partnerships, and Promoting a Networked Region*.[4] In an unprecedented statement, the IPR asserts that "The Indo-Pacific is the Department of Defence's priority region."

These consecutive efforts come after about a decade gap (roughly between 1998 and 2011) in which the US articulated few over-riding strategic postures specifically for the region – though there was attention to Asia in broader official documents such as the national security strategies and the quadrennial defence reviews.[5] Previously, the US had issued East Asia Strategy Reports (EASRs) in 1990, 1992, 1995 and 1998. Of the many important features of these reports, two are especially relevant: first, they primarily reflected attempts to reassure the region in the wake of the dissolution of the Soviet Union and the end of the Cold War, the collapse of the bipolar power balance and before the unexpectedly rapid rise of China as a major power; and second, these reports did not include India either geographically or as a major power.

As the US presidential election campaign gets fully underway for 2020, it is useful to recall where the US' Indo-Pacific debate has most recently been. As Robert Sutter and the author argued in *America's 2016 Election Debate on Asia Policy and Asian Reactions* (East-West Center 2016),[6] that election campaign brought to the forefront unexpected debates about the US' Asia policy. Initially, the focus of debate was the efficacy of the outgoing Obama Administration's key initiative of the "Asia Rebalance" or "Asia Pivot" and "as a corollary the perceived US weakness in the face of growing challenges from China. But as the campaign progressed, and particularly due to the impetus of then-candidate Donald Trump, other issues came into much greater focus: international trade and the proposed Trans-Pacific Partnership (TPP), and Trump's controversial proposals on allied burden-sharing, nuclear weapons proliferation and North Korea. With President Trump's election victory, these issues are

continuing to play out in complicated and unpredictable ways during his current term in office.

So, where is America's debate about Asia today; two years into the Trump Administration and amid a 2020 presidential election campaign that is already underway?

Assessment of the Current US Indo-Pacific Debate

Many fundamental elements of the US debate regarding the Indo-Pacific are not new.

The US-China Debate: While there are certainly some differences, primarily as a result of China's unexpectedly rapid, significant and assertive rise, today's China debate is not fundamentally new. As Richard Bush and Ryan Haas have pointed out, the contours and political alignments of the US-China debate are not unprecedented or settled.[7] China and relations with China is at the centre of the debate around the US-Indo-Pacific relations and as such elicit an extraordinary range of views; crudely categorised as those who advocate a full-frontal primacy to contestation with China on the one hand, and those who warn against the current American approach of "great power competition" on the other hand.[8] Beyond the policy elite, and as Daniel Drezner has written, the public has not yet reached consensus on the new, hardened Trump Administration approach about China.[9] The point here is not that China does not pose fundamental and significant challenges to the US presence and role in Asia (or elsewhere) – in some ways it does, but that the current policy framing of China as a "strategic competitor" is still fluid amongst the policy influencing elite and not at all fixed in the American body politic; certainly not as set in Trump Administration policy documents such as NSS, NDS and IPR. Moreover, China competes in the American political and policy debate with other challengers such as Russia and Iran, to say nothing of international terrorist groups. This became quite evident in the first two Democratic candidate debates in which the twenty-plus candidates staked out a range of foreign policy concerns and China was not the most important or consensus concern, though of course there was some overlap among candidates on concern about China.

America's Alliances and Partners Debate: American debates about alliances also are hardly new. Efforts to get alliances to do more and spend more have been going on for decades. Just to provide perspective, a January 2019 obituary of former Secretary of Defence, Howard Brown, specifically noted that "Concerned that America's allies were not sharing enough of the defence burden, Mr. Brown repeatedly urged the North Atlantic Treaty Organisation [NATO], and Japan and South Korea, to increase military spending, but with limited success. He had sharp valedictory [1981] words for the allies: 'They need to behave as if their military security is as important to them as it is to us'."[10] While the manner, tone and timing of expression of frustration with allies' burden-sharing are very much different under the current US administration, the fundamentals of American policy concern are not.[11]

In the case of Japan, alliance management has revolved around burden-sharing for decades – most dramatically during the 1991 Gulf War. In the case of South Korea, it was President Carter who considered reducing forces stationed there. Negotiations for payments for the basing of American troops and equipment in the form of "host nation support" in the case of Japan or the "special measures agreement" in the case of South Korea have long been intricate and tough. The US-Australia alliance has remained immune from major alliance burden-sharing debates though it encountered significant troubles in the wake of 9/11 and especially the US invasion of Iraq. And as in any state-to-state relationship, even allies as close as the US and Australia, there are tough internal negotiations on troop and equipment posture as well as cost-sharing and other related issues.[12] The US-Thailand alliance mostly ebbed since the end of the Vietnam War, despite efforts such as in 2012 to give it a re-emphasised and re-directed purpose.[13] It is likely that 2019 will see another such effort to frame the alliance as Thailand transitions following a monarchical succession and elections following a 2014 coup and chairs ASEAN. And US-Philippines relations have absorbed and adapted to shocks ranging from the ouster of Ferdinand Marcos to the closure of American bases. Secretary Pompeo's recent restatement of the commitments in the Mutual Defense Treaty earlier this month

is a significant restatement of the commitment to the US-Philippines alliance though not fundamentally new in substance.[14] In the case of Singapore, a non-allied strategic partner, the past quarter-century has seen a steady enhancement of military and economic ties and more are in the offing as the two countries negotiate adjustments to their strategic framework agreement.

The US also has welcomed new partnerships in the region including India, Vietnam, and even Myanmar. Past debates about a normalisation of relations with these countries have disappeared even if policy debates about the nature and substance of ties to these countries continue. The terms of engagement with a variety of long-standing and new non-ally partners in the region do not mean terms of endearment, but the US debate about even having some of these relationships have all but disappeared. Meanwhile partnerships with countries such as Indonesia and Malaysia continue to make progress with few murmurs of Washington dissent.

Calibrating Commercial and Security Relations in US Indo-Pacific Relations: Debates about calibration and balance of bilateral economic relations versus security relations with allied and partner countries in the region are also not new. The US-Japan alliance has encountered and overcome far more intense bilateral economic disputes than today not to mention "shocks" to the relationship ranging from the US decisions to go off the gold standard and normalise relations with Beijing. Indeed, while the US-Japan trade talks are currently ongoing, they are unlikely to be nearly as contentious as those of earlier eras in the 1980s and 1990s. Notwithstanding the recent renegotiation of the South Korea-US FTA (KORUS-FTA), the fact is that it initially took nearly a decade to move it to conclusion across two different (a Republican and Democratic) administrations and the Trump Administration's revisions to it are quite minor. Meanwhile, the US-Korea alliance remains robust and the management of that alliance has been less affected by trade discussions and more by political changes in Seoul and approaches toward North Korea than trade disagreements per se. The US has also sought unsuccessfully to negotiate bilateral trade agreements with other allies and partners (e.g., Thailand and

Malaysia) even while managing and maintaining robust security and other cooperation. Indeed, while the US and Malaysia failed at a bilateral trade agreement, Malaysia and the US were a party to the TPP negotiations until the US withdrew, and the two countries have considerably advanced their partnership over the past decade. Meanwhile, US domestic political consensus against the TPP is unlikely to change: that is, there is no real debate about TPP even if Washington's Asia hands fret about the costs of abandoning that effort. What is perhaps new under the Trump Administration is less hesitation for taking on trade issues under the demand for "fair and reciprocal" conditions. This approach appears to be calculated on the basis that the parallel paths of commercial relations on the one hand and security relations on the other can be pressed and advanced without disruptive "spill overs". This proposition is now being tested.

American human rights and democracy considerations and debates in the Asia-Pacific: The US policy debates about human rights and democracy promotion in relations with Indo-Pacific countries have ebbed and flowed with uneven and variegated application. Tussles between the executive branch and the Congress on applying human rights and democracy considerations have been a feature of the US-Asia relations, and are no less today. Current debates about particular regional countries are hardly unprecedented though the framing of such issues is substantially new under the Trump administration. For example, President Trump made no calls for human rights improvement or democracy in the region and "the president made only passing reference to the rule of law and individual rights in Danang. And talk of rules, norms and institutions was connected exclusively to fair and reciprocal trade – not politics."[15] IPR puts even less emphasis on human rights and democracy saying bluntly: "While we unapologetically represent [the] US values and beliefs, we do not seek to impose our way of life on others."[16] Despite the Trump administration's approach, the US Congress, especially in the Democratic-controlled House of Representatives, has made human rights and democracy a key issue and this will constrain how far the administration can proceed in certain areas with certain regional countries.

The US and Indo-Pacific Multilateralism: Finally, debates about the US participating in Indo-Pacific multilateralism were settled by the Obama Administration's decisions to sign the Treaty of Amity and Cooperation (TAC) with ASEAN, including attendance at EAS. American engagement in the APEC dates back to the 1990s with President Bill Clinton. Despite the fact that regional multilateralism is even weaker than when it was launched, there is little debate in the US that the US should abandon its commitments and engagements with ASEAN, EAS, APEC or other Indo-Pacific groupings. This represents a substantial continuity in an administration that has not been viewed as especially supportive of multilateral approaches to foreign relations. Indeed, the new Trump administration IPR states that it will "[a]dvance American influence by competing and leading in multilateral organizations so that American interests and principles are protected."[17]

As with the 2016 elections, the 2020 elections might yet create new debates, but what is noteworthy is that for all the *Sturm and Drung* (Storm and Stress) about US-Indo-Pacific relations the centre holds. Nowhere is this more evident than in the passage both chambers of the Asia Reassurance Initiative Act (ARIA), and its signing into law by President Trump.

The Condition of US Indo-Pacific Relations Today

There are several positive features of the US-Indo Pacific relations today.

First, bipartisanship and alignment between mainstream Democrats and Republicans in Congress with bureaucracies in the Department of State and Department of Defence are both robust. It is true that there has been considerable turbulence at the top of both bureaucracies and there have been – and still there are – unfilled positions at important senior levels, but both departments are able to implement authorised and appropriated work as directed by the management and react to the changing messaging coming from the White House. Indeed, as the passage of the ARIA suggests, Democrats and Republicans are able to work together well to provide guidance

to the bureaucracy that ultimately has a shelf life in that it represents authorisation and appropriation guidance.

Second, again for all the perturbations in views expressed by the administration about key alliances and partnerships, IPR makes clear the range and depth of key relationships in the Indo-Pacific region. In fact, it creates novel categories of partnerships based on geography and characteristic. For example, IPR lays out the following kinds of alliances and partnerships:

- "Modernising Alliances" which includes Japan, Republic of Korea, Australia, Thailand and the Philippines. Incidentally, "modernising alliances" was also a phrase used by the Obama administration during its pivot to Asia – so there is continuity about alliances. However, in IPR, the first of the five allies are discussed in terms of "posture" whereas Thailand and the Philippines are not.
- "Strengthening Partnerships" includes Singapore, Taiwan, New Zealand, and Mongolia. This categorisation and its composition is unprecedented and is particularly eye-catching because of the inclusion of Taiwan.
- "Expanding Partnerships" in the IOR includes in order India, Sri Lanka, Maldives, Bangladesh and Nepal. One the one hand, this formulation appears to limit India to South Asia and the Indian Ocean and outside the context of major partner relations. However, the actual language of IPR suggests robust ambitions for the US-India partnership and this has been reflected and approved by the Congress too. It is also notable that "expanding partnerships" in the IOR precede "expanding partnerships in Southeast Asia" – the latter traditionally being prioritised in the context of US regional relations.
- "Expanding partnerships in Southeast Asia" focuses on Vietnam, Malaysia and Indonesia.
- Other countries in Southeast Asia (Brunei, Laos, Cambodia) are covered under another new category labelled "Sustaining Engagements, Strengthening Foundations."
- Finally, there is a new category called "Revitalised engagements in the Pacific Islands."

The bottom line is that US alliances remain deeply institutionalised and therefore difficult to undo and steadily more inter-operable and integrated compared to the past. But they are buffeted by lack of confidence and questions about reliability. Overall, however, convergence between the US and its allies remains much stronger than divergence and the options for both sides are constrained if they wish to meet their respective national interests. In essence, for all the disorder and disarray, decoupling and disaster of alliance breakdown are not on the horizon.

Third, the US remains a profoundly powerful player in the region. A certain degree of "brand erosion" has occurred since 9/11, Iraq and the 2008 global financial crisis but this has not been unprecedented. The Indo-Pacific region also worried about the direction of the US in the mid-1970s due to Watergate and the Vietnam War – and at the time economic stagflation. Today, despite some domestic political politicisation and the "over-hang" of the Afghanistan and Iraq wars, the US economy so far remains robust. The attraction of America as measured by family migration, direct and indirect investment remains very strong and unparalleled. The US also remains a "default" for other countries for many reasons – including avoiding domestic discord, managing diverting spending on defence rather than other social and economic priorities and most importantly shared interests, values and interests.

Fourth, China's assertiveness and aggressiveness on territorial claims from the South China Sea to East China Sea to border and territorial disputes with India also create disquiet among many regional countries and hence create space and place for the US to continue to play a critical alliance and partnership role. China has also created consternation in the region through economic coercion, the use of Chinese rather than local workers on investment project – whether BRI or not. There have also been concerns about corruption between China and local leaders that have led to land acquisitions, domestic political interference and other local controversies.

Despite the positives for the US in relations with the region, there are also some concerns in the region. First, ambivalence

about America is rising. For example, recent polling conducted by Pew suggests that there are very complex views of the US but at least in two respects should be troubling. On the one hand, the general favourability rating of the US internationally has declined from 64 per cent during the 2014-2016 timeframe to 50 per cent in 2017 – putting the US global favourability rating just two per cent points higher than China's.[18] In the same vein, in many countries, majorities or pluralities have favourable views of both the US and China and this extends to the US allies and partners in the Indo-Pacific region. For example, the favourable views of both the US and China are 48 per cent in the Philippines and 32 per cent in both Indonesia and Australia – with both Philippines and Australia being US allies. However, in Philippines and Australia, favourability ratings toward the "US but not China" are 34 per cent and 21 per cent respectively while favourability ratings toward "China but not the US" are only 4 and 15 per cent. Unfortunately, in Indonesia, the favourability of the "US but not China" lags behind the "China but not the US" at 10 per cent versus 19 per cent. The US can certainly find solace in the fact that two key northeast Asia alliances, Japan and the Republic of Korea (ROK), have majorities or pluralities that have favourable views of the US but not China – 50 and 46 per cent respectively.[19]

A second issue percolating in the US domestic politics and society is ambivalence about how long and how much the US should do to uphold global order. Tom Wright, who advocates that Democrats should put China at the centre of their foreign policy priorities, notes that recent polling by the Center for American Progress indicates little stomach amongst the public for broad international engagement framed around issues such as "fighting authoritarianism and dictatorship" or "working with allies and the international community". And the geostrategist Ian Bremmer, based on polling and research by the Eurasia Group Foundation for which he serves as Board President, argues that the policy elite should heed the American public's call for a less activist, interventionist and aggressive foreign policy.[20] If such sentiments deepen and harden in the context of the 2020 elections, they may well constrain US

engagement with Asia, in turn, exacerbating worries in the region about the US commitment. This could create a whole new set of complications in managing the US relations with the region as countries seek a mix of internal and external balancing as well as hedging and bandwagoning to address security concerns and their own regional and international relationships. Some of these tactics can already be seen in the region.

Conclusion

The Trump administration is quite different in style and communications than predecessors and has taken some substantively new approaches towards certain facets of Indo-Pacific relations such as starting with leader-led negotiations with North Korea and reducing the focus on human rights and democracy in regional relationships. But on many broad elements of the US-Indo-Pacific relations there is more continuity than change. If there is a second Trump administration or a new Democrat-led administration, it is doubtful that the fundamentals of the US approach will change because the US has enduring, concrete interests in access to commerce, preventing the rise of regional hegemon, and the non-proliferation of nuclear and other weapons of mass destruction. But stay tuned.

Notes

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5. The Eurasian Economic Union (EEU): Eurasian Order and Russia-China Relations

Sergey Lukonin

General View

What is the meaning of the term "Eurasian order" in the context of Russia? The tentative answer to this question can be found in the "Concept of the Russian Federation Foreign Policy".[1]

First, it implies a profound integration within the EEU.

Second, it means the formation of shared economic and humanitarian space from the Atlantic to the Pacific Ocean on the basis of harmonisation and conjunction of the European and Eurasian integration processes.

Third, it refers to building the shared, open, and non-discriminatory economic partnership – space for co-development of the ASEAN, SCO and EEU member-states in order to provide for the inter-supplementing integration processes in the Asian-Pacific and Eurasian regions.

Besides, the Eurasian and Russian academic and diplomatic circles actively develop such ideas as "integrating the integrations", "Greater Eurasia", "Greater Eurasian Partnership", and others.[2] These ideas and concepts are aimed at building some integration space on the base of the EEU, SCO, "One Belt, One Road" (OBOR) initiative, ASEAN, as well as other forms of international cooperation.

On the whole, the afore-cited ideas and concepts appear rather attractive and are supported on the part of Eurasian states. However, the latter may face multiple problems in the actual realisation of these beautiful plans.

First, most of these concepts are just at the initial stage of development and so far, do not offer any specific instruments for cooperation among different formats of integration.

Second, the already existing formats of cooperation are most diversified in nature. For instance, the SCO is not at all an integrated formation. All attempts to attach integration features to its economic activities – such as the building of the SCO free-trade zone, or SCO Development Bank have not been successful, and the main reason is to be found in the fear that such initiatives if realised, would strengthen the role of China.

Third, even the EEU – for the time being, the most developed integrative formation in Eurasia – is experiencing some contradictions in its progress, such as:

- the modest volume of trade among the EEU participant countries;
- domestic mutual investments remain at the minimal level or are nil;
- economies of participant countries are oriented mainly at the export of raw recourses;
- the agreements, reached by the participant countries on harmonisation of their national development programmes and legislation, are being implemented slowly;
- while undertaking their autonomous foreign-economy actions, the participant countries proceed from their respective benefit, rather than from the benefit of the EEU as a whole.[3]

The above analysis leads to the conclusion that for the time being, the main task for the EEU is to work for the more profound inner cooperation. Certainly, the Greater Eurasia or the Big Eurasian Space can be built on the base of the "grid", which includes the EEU and other Eurasian regional cooperation forms, but this appears a rather long-term prospect.

OBOR Initiative: View from Russia

To answer the question what Russia can get from OBOR, we need to answer the question, why does China need OBOR? While responding to this question, let us afford distracting from

the official Chinese documents, which contain the rather general and, for China, traditional theses, such as "harmonious world", "universal prosperity", etc., and trying independently to identify the prerequisites for appearance of this Chinese initiative as well as the in-China economic challenges, to which it would respond.

Till today, several serious cases of imbalance have taken shape in the Chinese economy, and the major ones are presented below.

First, the Chinese export growth rates, getting slower because of the trade war with the US, cannot fully compensate the still insufficient domestic demand.[4] This circumstance does not leave a chance to resolve one of the major tasks as set by the Chinese authorities – i.e., to proceed from the economic growth model based mainly on exports to the model-based mainly on the domestic consumption.

Second, the presence of the redundant production facilities, including the outdated ones, in the glass, cement and metallurgical industries, which were built in order to provide for the infrastructure construction as well as to satisfy the demand for inexpensive Chinese products in the world markets.[5]

Third, the high-level debt of provincial authorities and state-run companies, partly provoked by the government programme for activation of economic growth, designed in order to minimise the negative implications caused by the global financial crisis of 2008-2009.[6]

Besides, those plans of China are of great importance that is aimed at modernisation of the national economy, building-up the share of high-tech products designed and manufactured within China in the total volume of Chinese exports, as well as at aligning the economic development level of Chinese regions.

The fact that the Chinese economy as such and the foreign-economic situation are becoming ever more complex, to make these cases of imbalance less critical by simple actions will be hard if ever possible.

Incitement of domestic demand by monetary or fiscal methods does not compensate for the low growth-rates of the Chinese exports. The domestic market simply does not need such number

of commodities, including the industrial ones. Incitement of export of different subsidies such as preferential credit for exporters is not productive as well.

To shut down the plants and factories in the sectors with redundant industries would not be permissible, because they play, among others, the social function of providing employment for the population, and serve as a source of tax revenues for the provincial authorities. Part of the tax funds is used for the realisation of the regional infrastructure projects, and thus build up the growth rates of the gross regional product.

The excessively active fight against the high-level indebtedness of provincial authorities and state-run companies may result in the bankruptcy of some of those. This may provoke shocks in the financial sector. Providing stability in the financial sector has been announced as the priority task by the Chinese authorities in 2019.[7] On the other hand, the high-level indebtedness would limit the Chinese Government's possibilities to support the economic growth rates by means of state-run incentive programme – for example, of infrastructure construction – as it was done in 2008. In 2018, similar, although the smaller-scale programme, was nevertheless launched.

Theoretically, BRI is capable of responding to the afore-named imbalances and contradictions through forming, in the mid- and long-term future, positive factors for the growth of China's economy, including, among others, such as:

- Building-up the additional demand for (i) products of in-China redundant plants; and, (ii) the "new" Chinese high-tech products, manufactured, inter alia, by strategic sectors that are included in the "Made in China 2025" government programme. Such moves would add extra incentive for the acceleration of Chinese economic modernisation.
- Providing an additional incentive for further realisation of "Going Outside" programme aiming at expansion of the Chinese business. BRI has been launched to prepare the territories for the arrival of Chinese companies – first, the major state-run companies, and at the later stages – private small and medium-sized private enterprises.

- Providing support for the economic development of China's lagging inland regions, such as Xinqiang-Uigur Autonomous Region, Autonomous Region of Inner Mongolia, Ningxia-Hui Autonomous Region, and Gansu Province. BRI plays an important role in the realisation of the Chinese regional development programmes, such as: "Going Westward" (development of West China), "Restoring the Industrial Base of North-East China", as well as "Central China Development". The objective of all these programmes is to align the economic development level of the country. In all cases, the basis for the programmes is served by the relocation of resource-intensive industries from the Eastern provinces to the North and North-West of China. Hence, the need to create demand for the would-be products and to build transport routes for delivery and sale thereof in the neighbouring countries.

All this suggests that the general strategic goal of BRI is to activate development and modernisation of the Chinese economy by means of, among others, building or modernising the transport routes from China to Europe, and forming along such routes the economic growth points. The ground route, Silk Road Economic Belt (SREB), is planned to be built via the countries of Central Asia and the Middle East. The Maritime one – Maritime Silk Road (MSR) of the 21st Century – is the traditional maritime trade route via the Pacific and Indian Oceans as well as the Mediterranean Sea.

The economic growth points are being formed through the investment of Chinese capitals in major infrastructure projects of the afore-mentioned regions, which traditionally experience a shortage of funding for the reason of capital intensity as well as the political and economic risks.

Infrastructure projects are being realised mainly by Chinese companies on the basis of Chinese equipment and technologies. The funding is provided by Chinese financial institutions on the relatively favourable conditions. Being formed in such a way, the additional demand for Chinese products makes it possible to use the redundant industries within China and to create additional incentives for building-

up the production and export of high-tech commodities – it is not incidental that the leader in BRI realisation is the capital-, resource-, and innovation-intensive sector of high-speed railway trunk-lines.

OBOR: What Outcome would it Produce (maybe …)?

On the one hand, it is rather easy to make a forecast on BRI: first, in general, this Chinese initiative has been launched already and is rather efficient – Chinese companies have initiated their projects in African, South-East Asian, Middle Eastern, Central Asian and East European countries (for the time being, the flagging and the most successful project is the China-Pakistan Economic Corridor (CPEC) with the estimated investment capacity of about $60 billion[8]); and, second, the time-bound, geographic, and other criteria of the BRI are not defined. In fact, BRI is a process-brand, and within its framework, any projects may be realised on the basis of Chinese capital.

On the other hand, to make a forecast is rather difficult. Until 2017, the factor of counter-action on the part of the US and the EU caused almost nil negative influence on the Chinese initiative.

At the same time, even the limited realisation of the Chinese initiative, with the properly considered negative factors, may cause significant changes in the global economy that would work in favour of China, As said above, at the national level China may resolve the problem of redundant industries through their additional operation-load or relocation abroad in the course of major infrastructure projects realisation, which would enable China to support its GDP growth rates; to carry re-industrialisation and thus to raise the development level of its inland regions by building the industrial base and transport routes being oriented to Eurasian countries; to create additional incentive for its own innovative development – in particular, in such sectors as telecommunications, transports, energy-saving technologies, services, etc.; and, in general, to enhance the efficiency of the Chinese business owing to its operation in the international environment.

At the global level, we may expect: a change in the corporate chart of the regions, caused by the growing share of the Chinese companies, which are realising the infrastructure projects; redirection

of the Chinese investment flows to BRI regions, especially in the circumstances of the growing counter-activities on the part of the US and EU; and, the growth of the renminbi share in the international financial system.

On the whole, with some correction, which will be addressed later, BRI projects may cause positive influence on the life of the local population owing to the creation of different goods – for instance, the transport infrastructure. Theoretically, the Chinese initiative may as well reduce the military conflict potential, because confrontation will put the BRI realisation under jeopardy.

What Changes are to be Expected in Future?

The Chinese initiative is not at all static, and with its extension, the number of internal and domestic contradictions will continue to grow. As its realisation is of paramount importance for the socio-economic development of the PRC, the Chinese authorities will seek to resolve such contradictions and to find compromise solutions with other countries. Some facts, which confirm the correctness of the previous statement, are already available.

Responding to the allegations that China was dragging other countries into the "debt trap", Xi Jinping in his speech at the China-Africa Cooperation Forum in September 2018 stated that China would not collect the debts on loans from a number of the poorest African countries.[9]

Responding to accusations of Chinese companies for the breach of environmental and labour-safety norms, the PRC Ministry of Commerce as early as in 2014 published its "Recommendations for the PRC social responsibility in realisation of foreign investments into the mining sector", which prescribed the strict compliance with the national norms for the labour safety, laws on labour, as well as the observance of human rights.[10] However, this appears to be a matter of responsible control to be exercised by the national authorities of the countries hosting the Chinese project.

In response to the accusations of technology theft, the Chinese authorities enhance the regulating of copyright protection. In 2017, the volume of license fees, paid by Chinese companies for the use

of foreign intellectual property, amounted to around $30 billion, which was almost four times as more than a decade before. Besides, according to the International Monetary Fund (IMF) data, in 2016 China was the world's fourth-largest payer of fees for the right to own the foreign technologies. The first three ones were Ireland, the Netherlands and the US, while Japan, Singapore, South Korea, and India were lagging far behind China.[11]

Responding to accusations of non-transparent funding for projects, deficient funds for their realisation, and general inefficiency of projects, the Chinese experts themselves recommend to establish an international system for attracting the private investments, as well as an independent system that would assess the credit risks for each project, and a universal system of preferences for project investors in each country.

As a whole, there are reasons to expect that in the mid-term the Chinese initiative of OBOR will become less Chinese and more international. It will consider the interests of the project hosting counties, and provide for the broader involvement of the national suppliers of project equipment. The growing competition between the US and China, inter alia, for the financing of the commercially profitable infrastructure projects in the Asia-Pacific would probably make the Chinese capital less expensive. Participation of foreign companies in the Chinese initiative will contribute to the application of the world practices of operation, including openness, social responsibility, etc. In general, the appearance of alternative sources of funding for construction of infrastructure facilities and hence the competition among such sources may enhance the conditions for issue of loans to the recipient countries.

At the same time, however, it should be remembered that to obtain the more beneficial terms of financing, to provide for the foreign investors' compliance with the national laws of the hosting countries and for the better consideration of the national equipment suppliers' interests – all these are the tasks for the government of the project hosting country irrespectively of what country is the partner at the negotiation – whether China, the US, Japan, or some other actor of the global economy.

Russia and the "OBOR"

Russia supports the Chinese OBOR initiative. As early as in 2015, the two parties published the "Joint Statement by the Russian Federation and the People's Republic of China on Cooperation for Conjunction of Building the Eurasian Economic Union and the Silk Road Economic Belt".[12]

For Russia, participation in OBOR or SREB means an opportunity to use the Chinese capital for construction and modernisation of infrastructure facilities and, in particular, to attract Chinese investments in order to build transport routes, logistics hubs, and production clusters. Thus, the Chinese Silk Road indirectly creates opportunities for Russia to attract capitals from other countries as well – for example, as far as the Russian Far East is concerned, from Japan, South Korea, and others. In fact, participation in BRI, however paradoxical this may seem, would enable Russia to evade economic super-dependence on China by building the foreign investor-friendly environment with the participation of the Chinese capital. On the other hand, however, it is not impossible that Russia can come across quite serious risks, too.

First, the probable inefficiency of the projects being realised within the frameworks of the initiative. The stake is being made at large-scale infrastructure projects, which are being realised, inter alia, on the basis of the Chinese capital. Meanwhile, it is rather difficult to compute the effectiveness of infrastructure projects as they consume too many resources. Besides, the projects are being financed normally within the framework of tied loans, which have been provided by Chinese financial institutions. Attracting the Chinese investments under the government guarantees actually means that even if the projects turn out commercially ineffective and unprofitable, the recipient of the funding would have to pay for it anyway.

Second, some experts do not see a mutual benefit and mutual economic supplementing of the BRI-related projects. It is noted quite often that the objectives of the initiative are to modernise the Chinese economy, to gain the market for selling the Chinese goods, to stimulate export of the Chinese capital, to provide the operation load for the excessive Chinese industries, as well as, to build up the

share of export of Chinese high-tech products. Hence, the priority projects for Chinese investments would be identified on the basis of their "usefulness" first and foremost for the Chinese economy,

Third, there are concerns connected with the exclusion of Russian companies from the circle of potential participants in the project realisation. The tied loans for construction of infrastructure facilities normally suggest the use of Chinese high-tech products as well as the products manufactured by the excessive industries within China. The engineering works are being performed by the Chinese companies, while the construction works proceed under the control of Chinese blue collars. In fact, in the countries, which were recipients of Chinese investments, their national suppliers used to be excluded from the project realisation.

Proceeding thereafter, as far as, for example, Russia is concerned, we may address the three major challenges, which slow-down the rates of the Chinese initiative's realisation along the Russian vector.

- First, the probable unprofitability of joint Russian-Chinese resource-consuming projects, for which we would have to pay whatever may be the case.
- Second, the ever-stronger competition in the Russian domestic market caused by the fact that Chinese suppliers – actually being subsidised through preferential credits within China, which, for understandable reasons, are not affordable for Russian companies – can push out the national suppliers from the project realisation.
- Third, technological degradation of national industry and additional burden on ecology, as there is the risk that the outdated Chinese industries might be relocated into Russia and formation therein of the informal zone, where the Chinese technical standards would be effective.

An additional challenge for the BRI realisation rates in the Russian vector is connected with the objective reasons that appeared in the Russian economy – it is not at all always that the Russian side can provide financing for the rapid realisation of some or another joint investment project.

Besides, since recently, we see the new challenges for the realisation of joint investment projects in the orbit of the Chinese initiative – namely, the so-called "war of sanctions".

The US' China policy is oriented to slow down and in the long-term reverse China's innovative and technological development. This policy can hit a serious blow on the realisation of the BRI-related projects – especially such ones as the "Digital Silk Road" or "Outer-Space Silk Road".

The BRI-related Sino-Russian joint projects can also be affected adversely. China supports Russia and officially did not join the sanctions against the Russian legal entities and human individuals included in the US sanction lists.[13] At the official level, the top-level Chinese officials repeatedly stated that the sanctions would not "cause an impact on the nature of Sino-Russian economic relations and would not be capable of undermining the strategic partnership of the two states". The Russian authorities appreciate such support on the part of China.

However, in the conditions of the sanction regime, the prospects for Russian-Chinese cooperation have become more uncertain. We may suggest that the major Chinese private transnational corporations and corporations with state participation cannot but be apprehensive of cooperating with Russian companies included in the sanction list. It is observed by this author that in the market economy conditions the Chinese authorities cannot force the major Chinese businesses to cooperate with the Russian companies being under the sanctions.

Besides, there are other factors, which, too, potentially would strengthen the effects of the so-called secondary sanctions:

- First, China would be integrating itself into the global economy even more deeply, and therefore its politico-economic ties with other countries, including the US, would continue being consolidated. Such profound integration would be facilitated by the Chinese government's plans for the further liberalisation of the financial sector, which, if and when realised, would impressively raise the level of interconnections between the Chinese and global financial systems.

- Second, the ever-growing numbers of Chinese companies would appear in the world market and join the added-value chains, and they would most probably do so in partnership with companies from the US and the EU.
- Third, in the conditions of the Chinese government policy aiming to reduce credits for business – in order to resolve the problem of the growing debt burden – the growing numbers of Chinese companies would look for financing in the equity markets, including the international ones.
- Fourth, with the further march of the Chinese companies up to the global level, which includes the realisation of the global infrastructure projects with attracted international funding, the political and sanction factors would play a more important role in their cooperation with Russian partners.

In view of the afore-presented analysis, in the short- and mid-term the number of factors, which would strengthen the risks in the realisation of the Sino-Russian investment projects within BRI, would grow.

Russia-China Relations

The current Sino-Russian relations are featured at two levels. First, the so-called "unprecedentedly high" level, we see the "comprehensive strategic partnership", including the regular and frequent meetings of the state leaders, active military cooperation, joint military exercises, similar positions on many international issues (Venezuela, Syria, North Korea, etc.), China's support of Russia in voting at the UNSC, the declared strive for profound economic integration within the framework of the idea on the conjunction of SREB and EEU, the rapidly growing humanitarian cooperation, etc.

The second level is featured by the covert and lingering mutual concerns. These mutual concerns are pre-conditioned, first, by the strategic interests of the two parties which do not fully coincide, and second, by the new global ambitions of China, shaped by its growing economic and technological strength.

For example, the positive trends in the economic sphere of the latest period appear insufficient for overcoming the traditional negatives of the bilateral relations.

By the end of 2018, the volume of Russian-Chinese trade amounted to over $108 billion.[14] China has confirmed its status of Russia's major trade partner both in terms of export and import, as its share in Russia's foreign trade exceeds 15 per cent.[15]

As expected in Moscow and Beijing, the "Agreement on trade and economic cooperation between the Eurasian Economic Union and the People's Republic of China", signed on May 17, 2018, can open new opportunities for the Russian-Chinese cooperation.[16]

However, no substantial changes are taking place in the "quality" of trade between Russia and China. In 2018, the share of mineral products in the total volume of Russian exports to China grew to 76 per cent, while the share of machines, equipment, and transport vehicles reduced to 3.2 per cent.[17] Being broadly highlighted in mass media, the "expansion" of Russian food products and agricultural raw products is not confirmed statistically, as the share of such products in the total volume of Russian exports even reduced, although minimally, by 0.06 percentage points, to 4.5 per cent.[18]

Russia is not at all China's major trade partner as it traditionally takes the ninth or 10th position in terms of the bilateral trade volume.

Russia accounts for less than 1 per cent of Chinese FDIs, and this index tends to reduce. By assessments of the Russian Central Bank, in the first half of 2018 the total volume of FDI from China in Russia reduced by 24 per cent.[19]

A new restraint for the Russian-Chinese trade has been served by the factor of US anti-Russia sanctions. Chinese major companies consider cooperation with Russian legal entities and individuals, which are included in the American sanction list, as a serious business risk.

In the opinion of the author, as soon as in the mid-term future, the level of political threats for the Chinese business in Russia may grow.

First, China, following its economic growth, would be integrated with the world markets ever more profoundly, and hence its politico-

economic ties with the US and the EU would continue to grow and cause its influence on the economy. The plans of the Chinese government to liberalise the financial sector also contribute to the more profound integration and the level of interconnections between the Chinese and the global financial systems will continue to grow.

Second, the growing number of Chinese companies would appear in the world market and join the value-added chains in partnership with the US and the EU companies – and thus would hypothetically get into the "sanction traps".

Third, in the context of the Chinese government policy aiming at reduction of credits for the big business in order to evade the growth of the debt burden, the ever-bigger numbers of Chinese Companies would look for funding in the capital markets, including the international ones, and thus, would objectively aggravate their "sanctions-related vulnerability".

Therefore, we may expect that in the next three to five years the stronger role will be played by the factors, which, in the Chinese perception, increase the business risks of cooperation with Russian companies and individuals that are included in the sanction lists.

In conclusion, there are all the reasons to state that the US sanction policy vis-à-vis Russia and its indirect but quite tangible impact on the Russia-China economic relations will work for such negative trend as lessening of Russia's relative importance for China in comparison with the respective role of the US.

Meanwhile, China's measures being taken for realisation of its leader-country interests at different political and economic sites of the global and regional scale, without conjunction thereof with the respective steps taken by Russia, may create new challenges for the foreign policy of Russia.

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6. Australia, the Indo-Pacific Idea and a Multipolar Order

Peter Drysdale

Getting foreign policy right has never been more difficult than at this point in world diplomatic history. Wedged between its alliance relationship with the US – vastly complicated as it has been by the advent of President Donald Trump – and its hugely important economic relationship with China, this is especially so for Australia. Australia's trade with China is a larger share of its total trade than is that for any other G20 economy.

Diplomatically Wedged

For that reason, Australia's foreign policy White Paper launched by then Prime Minister Malcolm Turnbull and then Foreign Minister Julie Bishop two years ago was a welcome beginning to coming to terms with an important national public policy problem.

The White Paper is a masterly exposition of the fluidity and uncertainties in Australia's diplomatic circumstance today. For the first time, the White Paper sees clear official acceptance and disclosure to the public of the diplomatic problems that Australia confronts as regional tensions rise. It explains in detail, reassuring as its tone sought to be, that Australia is caught between China and the US – both unpredictable and perhaps unreliable. It offers few solutions, but the franker admission of what the situation looks like was a big step forward.

The economic growth that's come with globalisation has quickly changed the international balance of power. The US, which has been the dominant power in the Asia-Pacific region since World War II, is now challenged by the rise of China. The world is more interconnected than at any other time before. New technologies, as

well as the transmission of know-how and scientific knowledge, lifts opportunities and prosperity at the same time as they spawn political alienation and the reach of non-state actors who would do us harm. Risks to the global commons demand collective action. These are the big challenges that Australia and its partners in the region now confront. They are the challenges of a new multipolar world.

What's new is the intensification of the tensions around this change and its corrosion of the pillars on which Australia's foreign policy has been based. If the White Paper had been written when it was initiated well over three years ago, before the election of President Trump, the escalation of the Korean crisis, Brexit's blow to Europe and the US-China trade war, it would have had an unquestionably less urgent and less ambiguous tone.

In the White Paper, and since then, there has been no budging on the rock-solid faith in the US alliance relationship, given its importance to Australia in navigating new uncertainties. That is Australia's unipolar anchor. This is so across the policy establishment even though the vast majority of Australians do not trust Mr Trump – the polls suggest that two-thirds of Australians have no confidence in him making the right calls. Equally, there is an unequivocal statement of the importance of Australia's partnership with China and acceptance of the legitimacy of China's sharing of responsibility and power as well as the reality that (like all great powers) China will seek to influence the region to suit its own interests. This is the multipolar reality.

What the White Paper makes clear is that the Australian government and bureaucracy, so closely entwined with the US in the past, are alarmed by the decline of US military power and influence and Trump's discarding of the conventions of the international economic order. He has disrespected or abandoned the rules-based system – shirking or abandoning commitments to abide by WTO, the TPP and the Paris Accord, and overturning the KORUS-FTA, North American Free Trade Agreement (NAFTA) and trade rules in waging a trade war with China and others – on which the world has depended to bring order to the global system. The Australian policy community is struggling to come to terms with this new reality.

In China's militarising of the South China Sea and heavy breathing in disputes over territorial issues as well as increasing internal

repression and the mild cult of personality surrounding President Xi Jinping, the White Paper saw dangers from the international use of coercive power. This still validates the unipolar anchor.

The Indo-Pacific Idea in the Making

A refreshing frankness is nonetheless enfolded in a conceptual frame that accentuates the negative response. The paper adopted the Indo-Pacific idea but, neither tested nor defined it. Except through its footnote definition as a geographic area that touches every continent bar Europe, it is invested with little strategic direction. The Australian Department of Foreign Affairs and Trade after the delivery of the White Paper reorganised itself around a core Indo-Pacific Group, but it is difficult to see that this structural reorganisation has had any significant impact on foreign policy strategy since it was initiated.

The reason for that is quite straightforward. The understanding of what the Indo-Pacific idea meant and how it was supposed to re-shape Australian diplomacy is still being resolved. There remains deep confusion about how an Indo-Pacific strategy might cut across Australia's core interests in the region: especially in Southeast Asia, but also with China and in relation to all of Australia's primary regional arrangements, including those with India.

We know the Indo-Pacific idea is a maritime security construct that has been part of the military dialogue for some time and now explicitly decorates US naval posture at the renamed Indo-Pacific Command. Australia continues to invest cautiously in that idea. The original idea has transmogrified into other variants, though the lineage is clearly in the US-led regional military security order. The putative locus of the Indo-Pacific idea lies "in the Quad", which aims to tie the four corners of the Indo-Pacific together in high-level security dialogue among the four 'like-minded' democracies – Australia, Japan, India and the US (with Indonesia being notably absent). It remains an officials-level forum on the margins, sure in its distrust of China but unsure of whether and how to build a coalition to counter it. The idea of Indonesia as the maritime fulcrum of the Indo-Pacific came more recently, built on the geographical reality that the country lies at the intersection of the Pacific and Indian Oceans, although it implies an optimistic assessment of its tenuous Indian Ocean ties.

With Australia and Japan trying to find a way to redefine the Asia-Pacific into an Indo-Pacific framework to keep the US engaged and draw India into the region, ASEAN spent the past year crafting its response to the Indo-Pacific idea to protect its centrality in regional affairs. ASEAN's Outlook on the Indo-Pacific (AOIP) was its response to competing conceptions of the region from the US, Japan and Australia. AOIP is built on ASEAN principles. Importantly, it is inclusive and adds an economic and development dimension, two key aspects that demonstrate a clear departure from the maritime security conception that looked like a China containment strategy.

Japan's diplomatic-speak embraces an Indo-Pacific zone of peace and prosperity, but avoids the Quad. Free and Open Indo-Pacific (FOIP) that promotes its South Asian and African economic diplomacy as a counterweight against China, under the surface connecting tightly with US' maritime security strategy. But it is mainly talk, with piecemeal and contradictory action, especially as doubt about America's strategic reliability under President Trump has grown.

In the US, the Indo-Pacific idea was introduced into the US security rhetoric by Hillary Clinton and her Assistant Secretary for East Asia Kurt Campbell under the first Obama administration and entrenched in the language of the US Pacific Command. In Australia, the idea was taken from its roots in the US alliance relationship and given a boost at a conference led by the US Naval War College in Sydney in early 2011. It was written into documents issued under Australian governments since Julia Gillard's prime ministership and then embraced in the foreign policy White Paper.

At a generous stretch, the Indo-Pacific idea acknowledges the shifting weight of economic and political power westwards in Asia towards India, at the same time as it linguistically under-weights the centrality of China and continental Asia to its continuing economic and political momentum. At its core, it is the military-security element of America's response to the complex problems we now all face in managing the rise of China's power and develops a strategy that seeks to engage India as a military counterweight to China. It is a conception that underestimates the complex economic

and political interdependence with mainland Asia that leaders and everybody else in the region must deal with day-by-day and requires a multipolar order.

Indeed, it has become steadily clear to Australian strategists that the US vision for the regional security order based on an anti-China shift in the US security strategy contradicts India's multipolar vision for a regional order which is "inclusive". Though China is viewed by India as an adversary in key respects, New Delhi also sees Beijing as an important partner in bilateral and global affairs. This is the view that India's Prime Minister Narendra Modi championed at the 2018 Shangri-La dialogue. Modi gave no credence there to the notion that the Indo-Pacific region is a strategy or a club of limited members. Being open to the India-Japan-US cooperation is not seen as inconsistent with including China and Russia as regional partners. India's vision of regional order does not have strategic consonance with that of the US. India's message is clear: it sees itself neither as a pawn in the game the US may want it to play nor as a fully compliant partner in the US-led political-security order that would put at risk the development of its important relationships with others in the region.

The military-strategic component is one element in responding to the complex problems we now all face – but only one and probably not yet the most important. It is an element that vastly underestimates the complex economic and political interdependence with mainland Asia. It also underestimates the problem of the stress under which the multilateral international economic order has now been put.

Retreat to a G2 World?

There are other strategies and actions to which Australia needs to give priority: namely, asserting constructive influence with like-minded countries to persuade both China and the US that their current courses court danger more than an opportunity.

There needs to be a vigorous response from Asia over the threat to the global economic regime from the Trump administration's assault upon it as well as the structural pressures it faces. The conclusion of

the CPTPP, also known as TPP-11, was a start. The conclusion of the negotiations of ASEAN+6's RCEP (even without initial sign-on from India) and its calibration as part of an over-arching strategy on global trade to check Trump's recklessness on the trade front is a critical element.

This was a decisive moment in both regional and global economic and political affairs. The path that ASEAN and its East Asian partners had chosen was a game-changing push-back against the tide of populist-inspired isolationism, protectionism and nationalism and a stand for the multilateral trading order. That's why it was welcomed so warmly by a trade-war weary world, not just as another regional trading deal. A group of countries that comprise close to a third of global trade and income had taken a stand.

RCEP is a green shoot in the otherwise deserted field. RCEP is not just a trade agreement, it's an economic cooperation arrangement. And RCEP brings together a group of countries, a number of which had no FTA that linked them previously. More importantly, RCEP commits what's still the most vibrant trading region in the world to the common pursuit of global interests and goals.

The RCEP victory was ASEAN-made and ASEAN-executed. It has not been ASEAN's only contribution to the effort to turn around the dangerous tide in international economic diplomacy. Indonesia, at the Osaka G20 summit in June, tabled an important 'non-paper' in defence of the WTO and defined a pathway forward on its reform that none of the other major players had the fortitude or strategic space on which to take a stand. That initiative provides a beachhead for more broadly-based collective action by middle and smaller powers to protect their interests in the established global trading rules and improve the functioning of the multilateral trading system.

There are many issues to be fixed in the global economic order and that means the agenda for WTO reform must have priority. Embracing the emerging economies as well as the US in that process will be necessary for success. This requires engagement, not exclusion, and a multipolar order.

The multilateral trading system – and, therefore, global economic and political security – is at risk from Trump's America First agenda,

the US-China trade tensions and the undermining of the WTO's dispute settlement body.

In the trade war, the best-case scenario for Beijing and Washington is a deal outside of the established multilateral rules, and that would still carry major direct costs to other countries and risk to the rest of the global economy. Chinese purchases of the US' agriculture products and energy resources as part of a deal will divert trade from other suppliers and buyers. The two largest economies and trading nations will move closer to managed trade, away from freer markets, and sideline the WTO, replacing and weakening some of its core functions that hold global trade together.

A G2 deal between the US and China is unlikely to take into account the interests of other countries. Trump prefers a divide-and-conquer bilateral approach with the maximum US leverage in negotiations. Beijing's priority is to do a deal to get out of the corner it's been backed into.

The deal struck between the US and China will offer little or no fundamental resolution to the deep-rooted conflict between the world's two great powers.

Can the rest of the world do better than be bystanders as the two major powers carve up the world and Trump's America First agenda threatens to tear down the rules-based multilateral trading system that the US has led for the past 70 years?

Instead of waiting to see what's left to clean up in the aftermath of a deal, other leaders will need to stand up for their own core interests in the global system.

But to do so against the global hegemon that, though it is a power diminished by what it now does day-by-day, is still the largest and most powerful country in the world is no easy job. And the truth is that the rest of the world has been used to relying on the US presidents to lead the global economic and political order until now.

The world needs a "Merkel moment" like when in 2017 German Chancellor Merkel firmly made the G20 a 19 versus 1 affair in Hamburg and defended multilateralism as host of the economic grouping. And then in 2018, there was the moment of powerful symbolism during the Canadian-hosted G7 in La Malbaie, Quebec.

Japanese Prime Minister Shinzo Abe stepped up to fill the vacuum in global leadership and saved TPP after Trump withdrew the US from the regional agreement. But Japan is hemmed in by its own negotiations with the US and it made attempts to get through the 2019 G20 Summit without upsetting the Americans. But Abe and Japan find it increasingly difficult to fudge the choice between protecting the multilateral order and appeasing its security guarantor.

More than ever, a coalition of countries will need to coalesce if the rules-based system is to be protected from the US trying to withdraw from it. The rest of the world – small and medium-sized countries alike – need the large countries enmeshed in rules and collective action to hold them to account. No other region has more at stake in this game than Asia and so the G20 members in Asia, Australia, Indonesia, China, Japan, India, and South Korea will need to stand firm. There are signs of mobilisation, around Indonesia's initiative with a non-paper on WTO reform at the Osaka G20 Summit. Canada will also be important, as will Europe where leaders have to rise above the backlash they face against globalisation at home and the distraction of Brexit to play a leading role.

India's interests also are in being a part of the coalition for multilateralism and the multipolarism it underpins. Yet in rejecting participation in RCEP, India has for the moment turned away from that course.

India's Look East and Act East policies will mean absolutely nothing if it does not join RCEP. The cost of the wrong call to India is large. Its languishing economy sorely needs the boost that RCEP-stimulated reforms would give to long term growth, employment for a bulging workforce and poverty alleviation. Such Indian wrong-calls continue to condemn India (and South Asia that it dominates) to economic welfare indicators just a small fraction of those of East Asia – South Asia has just 2.7 per cent of global trade compared with East Asia's 30.1 per cent, 2.2 per cent of global foreign investment compared with East Asia's 48.1 per cent, and 4 per cent of global GDP compared with East Asia's 30.2 per cent, while they account for 23.9 per cent and 30.7 per cent of the global population respectively.

The other 15 RCEP leaders are determined to put every effort into getting India over the line in 2020 but they cannot force it into the deal. Nor can the RCEP 15, in the end, let India hold up progress. ASEAN is intent on holding firm and finding a way to structure in the continuing engagement even if India can't find a way to join RCEP immediately.

Wrecking the Foundations of the Multilateral System

The US was the crux of the economic and political security system on which the world has relied for more than three-quarters of a century. The global economic architecture which the US and its allies put in place after World War II is now absent. Trump and his team have trashed it. Trump's trade war with China and his trade actions against others, including US allies like Japan, Europe and Canada, show utter disrespect for its core rules. This system is the international system of rules, whatever its weaknesses, on which Asia's political security also vitally depends.

The wreckage of Trump's approach to foreign policy continues to pile up across Asia and around the world.

The immediate outlook, over the next year or two, promises uncertain economic and political situation. The real estate market bargaining-style that Trump has brought to dealing with these issues undervalues the complex interdependence between the economic and political security interests that are at stake in a multipolar world. It undervalues the damaging multilateral consequences of bilateral dealing. That's what is so risky about the bilateralisation of the US trade negotiations with China, which as the largest trading nation in the world is wisely bound into the multilateral global trading regime. Japan too is under pressure to do a bilateral trade deal with Trump – a deal that goes beyond the multilateral commitments it has made to members of the so-called TPP-11. Also, on the US trade conflict with China, there's a deepening perception gap with Washington and diplomatic realignment despite the deep security undertow in some countries.

Asian policy leaders are still coming to terms with the reality that Trump is different and the US that delivered his electoral

success is never likely to be quite the same again. But there's a growing understanding in Tokyo, Jakarta and even Canberra of what's at stake in dealing with the Trump administration and the more proactive response that will be needed to defend core Asian economic and political interests that transcend the anxieties that exist between a rising China and the rest of Asia.

Based on the past performance of the Trump administration, the US policy in Asia will be erratic and self-serving in the coming years as the Trump administration continues to work out its issues with countries in the region bilaterally and sporadically. The 'more openly pugilistic US relationship with China unsettles nerves' across the region.

The coming year will be a year of domestic political entanglement for the President and his administration. The effect of the political turbulence surrounding the White House and the extent to which it dominates the US foreign policy is one dimension. But the lack of focus and consistency in the direction of foreign policy strategy is an altogether higher order concern. Diminished expertise and experience at all levels of the Trump administration undermine the trust that allies, partners and even adversaries can put in the reliability of US posturing.

In the short term, these worries are focused on Trump and his administration. Some think that Trump will have more freedom to pursue his ambitions for "America First" around the world. The immediate issue is how to respond to the "America First" momentum in all its dimensions. But even if there are fewer experts in the government to challenge Trump's vision, implementation of his goals remains a challenge, especially against what now appears to be comprehensive pushback by the US security community in almost every theatre.

The turmoil at home could produce more brittle and reactive decisions. This could bedevil meaningful dealings with others around the globe because of the instinct to seek settlement prematurely, in the trade war with China or denuclearisation in North Korea and dealings with Iran, for example, instead of pursuing stable, long-lasting agreements that serve the interests of the US as well as its partners.

The crises Trump proudly proclaims that he alone could have dealt with are mostly of his own making. It is hardly surprising that Asian allies and partners alike should worry about how Trump might deal with a real crisis when there's a significant move within the US Congress to put limits on the President's use of nuclear weapons and other military prerogatives.

The chances that the Trump administration, in this mode, will succeed in mitigating the global-system destabilising trade and other tensions with China or, alone, secure an agreement on denuclearisation with North Korea appear remote.

Only multilateral engagement on both these and other issues such as climate change is likely to deliver stable and mutually advantageous outcomes to the US and all its partners. That's not on President Trump's agenda.

The real worry is that beyond Trump's presidency all the signs suggest that both the impulse of the US to engage multilaterally will be very difficult to repair and that Trump has fractured trust in multilateral endeavours around the world.

Decoupling and a 'New Cold War'

The trade war, surrounded by big power rivalry, is only half the worry.

The future has arrived, says Robert Kaplan, who's been mobilising the security troops in the US for the "new Cold War" for some years. "The constant, interminable Chinese computer hacks of American warships' maintenance records, Pentagon personnel records, and so forth constitute war by other means", he writes. "This situation will last decades and will only get worse, whatever this or that trade deal is struck between smiling Chinese and American presidents in a photo-op that sends financial markets momentarily skyward. The new cold war is permanent because of a host of factors that generals and strategists understand but that many, especially those in the business and financial community who populate Davos, still prefer to deny. And because the US-China relationship is the world's most crucial – with many second and third-order effects – a cold war between the two is becoming the negative organising principle of

geopolitics that markets will just have to price in." Under this logic, it has even become difficult for Joe Biden to say "wait on there" and to remind the US audiences that their country can be in this contest from a position of competitive strength, not defensive weakness.

This powerful force in American thinking should come as no surprise. The US has been a hegemon of unparalleled power and influence in world affairs for the best part of a century. Its relative power is in unquestionable decline. The underlying call to arms in a new Cold War is provoked by the growing fear that China will overtake the US – economically, technologically and comprehensively. The psychosis, like many psychoses, has some grounding in hard fact.

In terms of sheer GDP, China's overtaking the US is almost inevitable, even if Chinese growth suffers a sharp setback to 4 per cent from its current 6 per cent. At very best, the US economy will grow at 3 per cent over an extended period. It's just a question of arithmetic whether China's overtaking of the US will happen in 10- or 50-years' time. China is already the world's largest trader and the US is in second place.

Economic power does not guarantee military power but enables it. And China is filling that space – but nowhere is it in America's league.

Supremacy in technology is another matter. The US could remain in the technological lead for the indefinite future – unlikely to be pre-eminent in the decades ahead like it has been now for many decades, but up there with the front runners. Whether that turns out to be the case will depend crucially upon how the US, inexorably diminished relatively despite its reservoir of great industrial, technological and scientific power, continues to relate to a growing rest of the world, including, but not only, China.

A new Cold War would cut off trade, investment and technological links with not only China but also China's large and numerous economic partners globally. It would certainly do immediate damage to China and weaken other economies, like Japan, ASEAN and Australia, around the world. But it would also do damage to the US itself. It would accelerate its economic decline,

with weakened growth and technological reach immediately, and with further problematic outcomes in the longer term. Cutting the US off from technological engagement with China and other countries will weaken China's and other countries' technological and scientific capacities, but will also weaken America's.

"In its global strategy report, MIT noted that 'America's relative economic weight in the world has been declining for decades, and as other countries grow more prosperous, a growing share of global R&D is originating outside the US'", says Anjani Trivedi. "Collaborations between Chinese and European researchers will no doubt increase; Washington's inability to persuade its allies to reject Chinese technology from Huawei Technologies Co. has shown the limits of its influence".

Concluding Thoughts

So, is there a conception of the Indo-Pacific configuration that is relevant to dealing with these global problems, one that can engage with India positively on its own strategic terms?

The short answer is probably not if simply branded thus. But it is certainly yes if India becomes a handmaiden to the successful emergence of a new multipolar order.

There is certainly more to the Indo-Pacific idea than its military-strategic conception of importance to Australia and being coerced into taking sides with the US in a new 'Cold War'.

The US has dramatically undercut its own standing in mobilising allies and partners to its cause in recent times, reneging on its obligations under the rules-based economic system which it had played such an important part in creating. A new Cold War is a dubious cause. China's response to the challenge, of course, will be crucial to whatever the endgame may turn out to be. For all the political doubling down domestically under President Xi and the challenge of that to its continuing economic and other achievements, China has not retreated from the made-in-America global economic and political order on which its middle-income prosperity and security have been built. That is the premise on which engagement with China had been, and must continue to be

based, as the US finds its way in the multipolar world that it has helped create.

But India will be crucial to a peaceful and prosperous outcome built around a multipolar order rather than the at best fractious outcome that a bipolar-ordered world would likely bring.

That is the higher interest in embracing India and South Asia more broadly in new regional arrangements that are consistent with a regional strategic balance and India's national development ambitions. The Indian start was to Look East; now Act East. India's participation in East Asian arrangements is merely the beginning of that. India needs to be a participant in the APEC. But India also needs to commit more deeply to its own engagement in the evolving Trans-Asian enterprise.

Australia, of all countries, should be wary about advocacy of some grand new regional strategy to meet the challenges it now faces diplomatically. Former Prime Minister Kevin Rudd's well-intentioned but ill-fated Asia Pacific Community idea offers a cautionary tale.

Australia needs a more proactive regional diplomacy than has been evident for several years – both because of the strife engulfing domestic political leadership as well as the crisis in strategic comprehension.

Rather than advocacy of any grand new Indo-Pacific construct, the wise course will be a more active bilateral and regional diplomacy that pursues collaboratively and clearly defined strategic goals through the arrangements that are already in place across the region. That means a rapid elevation of regional cooperation that engages a willing India more fulsomely in the process. The arrangements and the philosophy of cooperation already in place are both sufficiently open and flexible for that to be by far the most practical and productive way forward in the face of the challenges we all now face.

Part II
Reframing the Regional Architecture

7. Free-Trade Area of the Asia-Pacific (FTAAP) and China's Approach to Regionalism

Zhang Zhenjiang

The Origin and Development of FTAAP

The basic aim of the APEC is to promote trade development in the Asia-Pacific region. From the beginning, experts have continuously proposed various policies to promote trade in the Asia-Pacific region. The specific idea of the FTAAP was put forward by experts in a report entitled *Preliminary Assessment of the FTAAP Program: A Document for ABAC* which is divided into seven parts and was prepared for the Business Advisory Council of the Asia-Pacific Economic Cooperation in 2004. In the summary of the seventh part, the report reiterates that the FTAAP will bring great benefits to APEC members, the Asia-Pacific region and even the global economy and will be a "high quality" agreement in line with the APEC's *Bogor Declaration* and beyond the WTO rules. The report also calls on APEC members to give full support to the "political commitment", stating that this idea should be supported at least by China, the US and Japan, preferably by six countries including the US, Canada, Mexico from North America and China, Japan and South Korea from Northeast Asia. Certainly, the report recognizes the difficulties of this scenario. "To be fair, all members of the Pacific Economic Cooperation Council (PECC) Trade Forum expressed that the political will of the major APEC members is a key issue in meeting these conditions."[1]

The report was submitted by the APEC Business Advisory Council (ABAC) to the APEC Summit in Santiago, Chile, in 2004. Although the report was welcomed in the joint statement of the

meeting, there has been no progress since then because "the major members, including China, Japan and the US, have not expressed their attitudes".[2] Given the width and political difficulties involved in this issue, it is not difficult to understand why the big powers did not respond positively at that time.

However, at the APEC Summit held in Vietnam two years later (2006), the President of the US gave high-profile support to this idea and called on all parties to "seriously consider" the establishment of FTAAP. This move by the US aroused the interest in FTAAP again, and relevant countries have begun to explore the feasibility of it. ABAC, which first proposed the plan, submitted its report to the APEC Summit again in 2007, reiterating that the future of FTAAP "will provide opportunities for the liberalisation and facilitation of trade and investment in the Bogor Goals," and that " the FTAAP can serve both for the problems concerning proliferation of FTAs in the Asia-Pacific area and to concentrate and strengthen free trade agreements in a way that is comprehensive and beyond WTO, and push them to a higher level."[3] In September 2007, the APEC Summit held in Sydney, Australia, finally approved a document entitled "Strengthening Regional Economic Integration", proposing that in the long run, FTAAP can contribute to the economic integration of the Asia-Pacific region, but "its impact has not been fully understood, and the specific problems that need to be faced have not been clearly defined." The report stated that it is necessary to further study the idea before making any decisions, and suggested that the plan and prospect of the FTAAP should be explored through a series of practical cumulative steps.[4] Moreover, FTAAP was mentioned in the leaders' declaration of the APEC Summit in 2007: "Through a series of practical and gradual steps, we will study the options and prospects of the FTAAP".[5]

At the APEC Summit in 2008, FTAAP came back as a hot issue. The Peruvian government, which hosted this summit, said in 2007, "We believe that the FTAAP is a useful mechanism for strengthening and accelerating the implementation of the Bogor Goals."[6] At this APEC Summit, FTAAP became a major part of the leaders' declaration. Among the objectives of strengthening APEC's regional economic integration, FTAAP ranked the second and also the longest one.[7]

Responses and Debates on the FTAAP

After the attitude of the US was expressed, FTAAP immediately received attention from international society. The government heads, think-tanks, experts and scholars from relevant countries expressed their views. At the government level, Australian Prime Minister Kevin Rudd made a speech at the Asian Society Australia Centre on June 4, 2008, proposing the idea of establishing the Asia Union in 2020, including the US, China, Japan, Australia, India, Indonesia and other countries.[8] Although there are slight differences in the composition of specific members, the similarities between the Australian proposal and the US-backed FTAAP are obvious. The Council on East Asian Community, the core think tank of the Japanese government on East Asian policy, calls for the construction of the East Asian Community to be included in the APEC framework. It points out that the current regional cooperation mechanism in East Asia will "inevitably hinder its economic integration" and proposes that "APEC can provide member states with technical advice and experience that are lacking in the building of East Asian Community. We should make better use of APEC to achieve this goal."[9] This theory is the same as the basic idea of FTAAP. In addition, Chile, Singapore, New Zealand, Canada, Peru and other countries have also directly or indirectly expressed their support for FTAAP, and their reasons are in line with the opinions of experts who support FTAAP. The American Economist, C. Fred Bergsten, for example, called just after the launch of the FTAAP in 2004 that it was the best way to connect East Asia with the US, even the whole world. He also called for the APEC Summit in Busan, South Korea, in 2005 to implement this idea. He even warned that if FTAAP could not be implemented, there would be bilateral trade agreements, like the ones between the US and South Korea and between the US and Japan instead.[10] Koichi Hamada, a professor of economics at Yale University, also believes that by merging, FTAAP can turn the existing bilateral agreements into the regional, like merging many "fine noodles" into "wide noodles".[11]

But the opposition to FTAAP is equally strong. Hong Kong and some Southeast Asian countries have proposed that the APEC

is not a forum for trade negotiations, so they do not support the establishment of FTAAP within the APEC framework. Others have pointed out that the economic development level of members in the Asia-Pacific region is very different, and it is too difficult to implement FTAAP. Pascal Lamy, then-Director-General of WTO, represents this regard. He said that due to the huge regional economic differences, the proposed greater FTAAP is difficult to achieve and build, and adherence to the multilateral trading system will remain the best framework for accelerating world trade liberalisation. "I have heard a little about the differences among APEC countries, but in my opinion, if the FTAAP is feasible, then the Doha Round of WTO negotiations will be equally easy."[12] Jagdish Bhagwati, a professor at Columbia University in the US, also said that FTAAP "is wrong, and the reasons for putting forward this proposal are not convincing either." He believed that the idea would encounter "insurmountable difficulties at the political and technical levels". In China, most of the domestic media, the public and scholars expressed their instinctive opposition and query after the US expressed their support for FTAAP. For example, some people pointed out that the US had "ulterior motives" and called to support the "streamlined version of APEC" and the "open version of APEC", but not the "American version of Asia-Pacific free trade".[13]

The divergence of experts lies in the economic benefits and feasibility of FTAAP. In fact, this debate has existed since the introduction of FTAAP. Experts from the APEC business advisory board who first studied the programme did not make an agreement so that the final study had to be submitted in the name of Scollay, a New Zealand expert in the Pacific Economic Cooperation Trade Forum.[14] In 2006, when the issue of FTAAP was on the agenda again, the controversy remained. The supporters insisted on the benefits highlighted in the 2004 programme and reiterated that FTAAP could not only change the status quo about the voluntary and non-binding in trade preferences among APEC member countries, and introduce binding provisions into APEC trade mechanism, but also help to reduce the "spaghetti" effect on the proliferation of bilateral and regional multilateral trade agreements

in the Asia-Pacific region. FTAAP is the "only motion" to prevent the "domino effect" of bilateral agreements in the region. Although the opposing party affirms that this is a good idea, it points out that there are considerable difficulties to realise it, mainly due to the "political infeasibility". The problems include the trade imbalance between the US and China, the duration of the "trade promotion authorisation" of the US, the Taiwan issue and the protection of agricultural products by Korea and Japan, etc.[15]

Experts had their own opinions and could not convince each other. However, the governments' attitudes and choices are clear and have political and strategic consequences. Because of the positive supportive attitude of the US, the debate over FTAAP has largely gone beyond the economic and technological scope and become a political issue. The countries supporting and opposing FTAAP seems to have split into two camps of pro- and anti-US. In particular, the support from Japan and Australia, two traditional allies of the US, is full of political concerns.

The question is, given the huge controversy, why did FTAAP enter into the APEC's agenda so quickly and became a long-term goal announced publicly by leaders? We need to review the strategy and policies of the US towards East Asia and Asia-Pacific. Simply, FTAAP reflects the fundamental attitude and strategic intention of the US towards the Asia-Pacific region. After the Bush administration publicly supported and called for the creation of Asia-Pacific Free Trade Area (APFTA), Bergsten immediately pointed out that it was a "more comprehensive response" pertaining to East Asia cooperation that the US government initiated.[16] Looking back at the history of the American government's cooperation with East Asia, Bergsten even admitted that there have been several "skirmishes" between the two sides. For instance, the US opposed the initiative of East Asian Economic Grouping, which former Malaysian Prime Minister Mahathir Mohammad put forward, and the Asian monetary fund programme that Japan proposed. The US has insisted that the Chiang Mai agreement should comply with international monetary fund rules, but this is exactly what the Southeast Asian countries that just experienced the financial crisis endeavored to avoid. The

US had bilateral FTAs, which were designed to offset and counter regional threats in Asia, with countries such as Singapore, Thailand and South Korea.[17]

The US is not totally opposed to regional cooperation in East Asia. During the Cold War, it made use of a variety of bilateral and multilateral military and economic agreements with East Asian countries, thereby establishing important bonds. After the end of the Cold War, especially with the rising East Asia cooperation, its East Asian policy appeared to be ambiguous.[18] In short, the US possessed two extreme views on East Asia cooperation. For one thing, the cooperation of East Asia did not exist, and the US should pay little attention to it. For another thing, the development of East Asian cooperation and the challenges it may pose to the US were over-exaggerated. For example, one said, "under the (10 +3) initiative, the static result of tariff discrimination caused by the free trade area of East Asia can immediately lead the United States to lose $25 billion a year in exports." The "systemic problem" of East Asian cooperation is a potential conflict between an Asia led by China and a West led by the US, both of which competed for global economic leadership.[19] Faced with the rapid and all-round development of China-ASEAN relations, some people exclaimed that it was "China's ASEAN invasion". It is clear that China's ambitions in Southeast Asia are at the expense of the current and future strategic influence of the US, thereby calling on the US to once again become a leader in Southeast Asia, not just a global leader.[20]

As the cooperation of East Asia has developed strongly, the East Asia policy of the US, which was ever in a state of uncertainty between these two extreme views, gradually became clear: striving to integrate East Asia cooperation into the whole Asia-pacific region for the participation and leadership of the US. Some scholars pointed out that, from Ronald Reagan's "the Pacific Economic Community", George Bush's "Pacific Community", to Clinton's "new" Pacific Community, the US "is a consistent position seeking to establish the East Asian countries is blended in among them, dominated by the United States trans-pacific integration organisation, or is

an integration of the Asia-Pacific organisation, rather than a pure integration organization in east Asia". To achieve this goal, the US even created and "hyped" the concept of "Asia-Pacific", "which covers East Asia (i.e., Asia along the Pacific coast) and Latin American countries along the north and Pacific coasts as well as the Pacific island countries, that is, the Asia-pacific was actually smuggled into the Pacific rim. Such a concept of the Asia-Pacific, neither in Asia and not of the Pacific Ocean, is not complete in the sense of Asia and the Pacific, which is a 'pantomime horse' concept. After the original meaning of the Asia-pacific concept was changed, the United States and East Asia were the same in the new geographical concept of the Asia-pacific, while the original concept of East Asia was submerged in the process of changing."[21]

This analysis makes sense. On January 25, 2006, Japan invited Michael Michalak, a senior APEC official of the US, to Japan to talk about America's policy towards Asian regional integration. The official said at the very beginning that he would expand the topic of Asian regional integration to "America's strategic interests in the Asia-Pacific region", highlighting that "the United States is an Asia-Pacific country". Referring specifically to the East Asian integration, he said: "We want to ensure the largest possible sustained us involvement in the region, and we insist that the best strategic and economic layout on which Asia can succeed is a trans-pacific partnership and mechanism."[22] On July 28, 2008, the US Deputy Secretary of State, John Negroponte, delivered a speech entitled "America's Asian policy: meeting opportunities and challenges" at the Brookings Institution. The speech began with "as you know, the first sentence was that the US was a Pacific country in most of its history ... In my own career, and certainly in the history of the US, we have existed as a Pacific power in many ways".[23]

Obviously, FTAAP is a new development of the above Asia-Pacific concept and a new response to East Asia cooperation. Its goal is to integrate the current East Asia cooperation and provide a legal basis for the participation of the US. Bergsten admitted that the reason why the US-supported and called for FTAAP was to "use a broad framework including the US to embed an Asia-only trade

initiative."[24] In the Philippines in the 2nd east Asian Summit in early 2006 proposed the establishment of East Asian Free Trade Area (EAFTA) plan that does not include the US, and thus caused serious concerns. The special research of a congressional report revealed the mystery of American FTA of the Asia-Pacific decision-making: "not invited participants in the United States has not been considered in the members of a pan-Asian free-trade area, because it is not an Asian country ... The United States opposes this idea and chooses the FTAAP model."[25]

China Taking over the Banner of FTAAP

To a large extent, because FTAAP is America's tool for dealing with the emerging East Asian regionalising, China did not show much enthusiasm to FTAAP. Some scholars called for that China must consider America's FTAAP seriously. Sheng Bin pointed out that if China is negative or opposed to it and causes it to launch outside the framework of APEC, "the huge trade diversion effect and discrimination against non-members caused by this will bring great pressure to China. This worst-case scenario is clearly not what the Chinese government wants. The pressure that competitive liberalisation by Bergsten led to is likely to force the government to seriously consider as soon as possible join the free trade area of the Asia-Pacific, though it is initially reluctant to do so."[26]

However, Sheng's warning happened. According to a separate congressional study in 2008, the US government has launched plans for APFTA, starting preliminary talks with Chile, Brunei, New Zealand and Singapore. The four countries have signed a trans-pacific partnership, also known as the Pacific Four (P4), and have cut tariffs since November 2006. The US believed that an agreement with these four countries would be the first step in the implementation of FTAAP.[27]

This was the beginning of the TPP. After several years' effort, the US quickly became a leader for negotiating TPP, and eventually it became a reality in 2017 – without the US it backed out. As we all know, China is not a member of TPP. This was supposed to be a

great challenge for China since the US was working on a new Asia-Pacific initiative for excluding China and some other members in the region. In this regard, China began to consider an FTA plan for Asia-Pacific. Interestingly, it took over the banner of FTAAP which the US is not whole-heartedly working on since it took more interest in TPP from 2009.

In 2014, when Beijing hosted the 22nd APEC Summit, all participants reached a consensus on the *APEC Promoting APFTA Beijing Roadmap* and agreed to launch a collective strategic study on issues related to APFTA. The Beijing Summit also declared the statement of *Building a Future-Oriented Asia-Pacific Partnership – The 25th Anniversary of the Establishment of APEC.* Chinese President Xi Jinping declared that we decided to launch APFTA process and approve APEC's promotion of the FTAAP's roadmap.[28]

In 2015, the APEC Trade Ministers' Meeting adopted the *Outline of the Joint Strategic Research Work of the FTAAP* to determine the time nodes, framework, drafting methods and final goals of the study and set up a core drafting group. Chinese President Xi Jinping called that APEC members will speed up the process and complete APFTA as soon as possible. It is decided to complete the joint strategic study as scheduled and draw conclusions and recommendations that are in line with the long-term interests of all parties.[29]

In 2016, the APEC Lima Summit adopted the *Lima Declaration* on APFTA, reaffirming that APFTA should be based on ongoing regional arrangements, including the adoption of TPP and regional comprehensiveness. Possible pacts such as the Economic Partnership Agreement were implemented.[30] In 2017, the *Declaration of the 25th APEC Economic Leaders' Meeting* reaffirmed the commitment of all parties to comprehensively and systematically advance and finally realise APFTA and deepen the process of regional economic integration. The parties appreciated the efforts of various economies to promote FTAAP, including capacity building initiatives and information sharing mechanisms. The parties encourage all economies to formulate relevant work plans, promote new progress, and enhance their ability to participate in high-quality, comprehensive FTA negotiations in future.[31]

China did pay great attention and efforts to FTAAP. Chinese President Xi Jinping has explicitly pointed out that Asia-Pacific countries are duty-bound to create and fulfil an Asia-Pacific dream for the people in the region. This dream is about acting in the spirit of the Asia-Pacific community and out of a sense of shared destinies and jointly working for the prosperity and progress of the region.[32] Chinese Foreign Minister Wang Yi called for that all Asia-Pacific countries should strive for the following three goals: First, all Asia-Pacific countries should work together in building FTAAP, and free trade arrangements in the Asia-Pacific region should be inclusive and promote each other rather than fragmented or exclusive; Second, all Asia-Pacific countries should together forge a connectivity system. Only with a smooth and convenient connectivity system can the Asia-Pacific economic integration be realised; Third, all sides should together establish the Asia-Pacific partnership. Facing new international situation and epoch trend, all sides should abandon old and outdated concepts of international relations, and replace alliance with a partnership, confrontation with cooperation and zero-sum game with win-win results.[33]

China's Policies towards Economic Regionalism

Frankly speaking, FTAAP did not make substantial progress when China supported and the US lost interest in. However, supporting FTAAP is a showcase of China's policy and approaches towards economic regionalism. After 40 years' economic development from its opening up in 1978, China became a "world factory" and became an inseparable part of the world economy. That means China did support any initiatives for strengthening economic cooperation both bilateral and multilateral.

For the regional and multilateral, China-ASEAN FTA started ASEAN in 2003. In 2004, China signed an agreement on free trade in goods with ASEAN. In 2007, China-ASEAN signed their service trade agreement, an investment trade agreement in 2009. In 2010, a full-scale China-ASEAN FTA was fully realised. On November 20, 2012, during the East Asian Summit in Phnom Penh, Cambodia, China, Japan and South Korea Economic and

Trade Ministers announced the launch of the China-Japan-Korea FTA negotiations. RCEP, initiated by the 10 ASEAN countries, invited China, Japan, South Korea, Australia, New Zealand and India to participate ("10+6"), through tariff reduction and non-tariff barriers, to establish an FTA for a unified market between 16 countries.

As for the bilateral FTA, China continuously increased FTA with different countries, with Chile 2005, Pakistan in 2006, New Zealand, Singapore, Peru in 2008, Iceland, Switzerland in 2013, South Korea, Australia in 2015, and Georgia, the Maldives in 2017. Please see the following list.

Table 7.1. China's bilateral free trade agreements[34]

Date of signature	Countries
2005. 11.18	Chile
2006.11.24	Pakistan
2008.4.7	New Zealand
2008.10.23	Singapore
2008.11.19	Peru
2013.4.15	Iceland
2013.7.6	Switzerland
2015.6.1	Korea
2015.6.17	Australia
2017.5.13	Georgia
2017.11.29	Maldives

Source: General Administration of Customs, Peoples Republic of China. http://www.customs.gov.cn/customs/302249/302310/302311/302312/302315/index.html.

Not only the numbers of FTA increased, but also the quality of FTA strengthened. China's FTA shifts the focus from trade to investment, finance and development issues and fields. In terms of APEC, China ratified *the APEC Cross-border E-Commerce Innovation and Development Initiative* and encouraged economies to designate or establish cross-border e-commerce innovation and development research centres on a voluntary basis. China also

approved *the Working Outline of the Demonstration Electronic Port Network in the Asia-Pacific Region* and agreed to set up a network operation centre in Shanghai demonstration electronic port to instruct officials to make more contributions to trade facilitation and supply chain linkage. China also positively evaluated the APEC Green Development High-Level Roundtable and *the APEC Green Development High-Level Round Table Declaration* and agreed to establish an APEC Green Supply Chain Cooperation Network. The APEC Ocean Ministers' Meeting adopted *the Xiamen Declaration and the APEC Ocean Sustainability Report,* which encouraged the Oceans and Fisheries Working Group to work with other APEC mechanisms to promote blue economy cooperation. China also ratified the "APEC Promotion of Internet Economic Cooperation Initiative" and put forward proposals for action to promote cooperation among members on the development of the internet economy, promoted the exchange of technology policies, and bridged the digital divide. *The Beijing Declaration on Food Security of the* APEC issued by the Conference of Ministers of Food Security. China welcomes *the APEC Action Plan to Reduce Food Loss and Waste*, *the APEC Food Security Business Plan (2014-2020), the APEC 2020 Food Security Roadmap* and *the Strengthening of APEC Food Standards and the Safety Confirmation Interoperability Action Plan*. In addition, China encouraged members to deepen cooperation in areas such as disaster preparedness, disaster response, disaster recovery and search and rescue, including promoting the network of disaster management departments, strengthening the application of science and technology, and complying with *the APEC Guidelines for Appropriate Donations* to improve supply chain resilience, implement *the Trade Recovery Plan* to reduce barriers to cross-border movements for emergency response responders and humanitarian assistance, and to strengthen technology applications and data sharing. China reiterated that it will create a safe and resilient environment for economic activities and interconnection in the region and work together to promote the implementation of *the APEC Counter-Terrorism and Trade Security Strategy.*[35]

Last but not the least, by proposing the initiatives of SREB and the 21st-Century MSR, China is working closely with the Asia-Pacific partners and other countries who are willing to further promote policy coordination, facilitates connectivity, unimpeded trade, financial integration and people-to-people bond. Good progress has been made in key infrastructure projects such as cross-border roads, railways and telecommunications networks. About 54 countries have signed the Articles of Agreement of AIIB, which will soon start its operation. China also supports the establishment of the BRICS New Development Bank (NDB), the promotion of IMF's special drawing rights currency basket, and the promotion of the "Global Investment Guiding Principles" under the G20 framework.[36]

In sum, based on its developmental experiences and economic comparative advantage, China welcomes and whole-heartedly promotes any forms of economic integration, which includes both the bilateral, regional and global means. In practice, China joins and initiates series policies including BRI, AIIB, SCO, BRICS, and the G20 for a more economic integrating world.

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8. Why AIIB, Not BRI? India's Fine Balance on China

Jagannath P. Panda

Competing powers promote competing initiatives to enhance their national interests. With multilateral modes of interactions serving as a medium of colliding interests, they are necessarily not in complimentary perspectives in every respect. India's approach to the Chinese-backed infrastructure initiatives that are being promoted within the milieu of the AIIB and the BRI is based on such an assertion of cooperation-competition perspective. India's support to the AIIB as a founding member and the overt reservation of not supporting the BRI highlights the subtle nuances that New Delhi attaches to its policies vis-à-vis China on infrastructure connectivity developmental projects that have emerged as the most important geo-political feature of Indo-Pacific at present. This chapter aims to address a critical question – why India decided to back the Chinese proposal of the AIIB and join as the founding member of this multilateral development bank while denounced the flagship BRI – that the world search to find an answer to.

The Salience of Indian Decision

Citing national security, India distanced itself from China's OBOR initiative – now known as BRI – when it was proposed by the Chinese President Xi Jinping in 2013. Nonetheless, in 2015, India signed AIIB's Articles of Agreement and in 2016 took up membership as a founding member of the AIIB.[1] This opposing Indian approach towards the AIIB and BRI can be perplexing, especially when China presents both initiatives in the context of creating a "community of shared future" and as means to reshape the global order.[2] To understand the same, it is important to note that international

politics is a multifaceted arena and not a zero-sum game; it allows for the coexistence of cooperation and competition.[3]

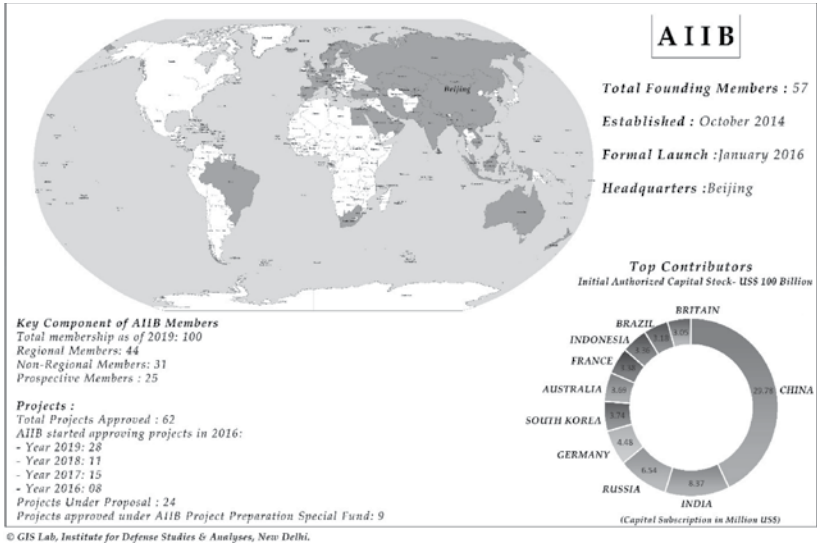
India's policy is not an exception to this and follows outlooks that support its growth in a competitive international strategic market: the AIIB is a multilateral economic initiative which *promotes* while the BRI is a state-sponsored global economic strategy that *challenges* India's developmental and national security interests in the neighbourhood. The fundamental difference in India's approach towards the AIIB and the BRI revolves around contested practices of universalism versus unilateralism, respectively. Adding to this assertion is the deeper context that India and China are competing and emerging "great" powers.[4] China envisioned regional construct is based around Chinese economic dominance and is leaving a significantly large Chinese "footprint" over different sub-regions of Asia.[5] Concurrently, India is furthering its national interests by engaging with the Asian neighbours via AEP, Link West Policy, Connect Central Asia Policy and S-A-G-A-R (Security and Growth for all in the Region) while simultaneously improving ties with Western powers.

Power has become fragmented in world politics with Asia emerging as the most important continent with an emphasis on trade via countries in the region and waters of the IOR becoming a top-priority in foreign policy outreach of nations and organisations.[6] Japan's recent efforts to revitalise its economic and security outreach and have robust bilateral ties with India has furthered the Asian power renaissance. With the US and China engaging in a trade war that has lasted nearly 18 months,[7] the US has made the Indo-Pacific a top priority post the Obama administration's "pivot" to Asia.[8] While President Donald Trump has followed his own policies of engagement with Asia, US-India ties have strengthened with India being named a "strategic partner" of the US vis-à-vis the Indo-Pacific.[9] Further, shift in US parlance from "Asia-Pacific" to "Indo-Pacific" became prominent post the Prime Minister Narendra Modi's 2017 US state visit; in 2018, the renaming of US Pacific Command to the US Indo-Pacific Command.[10] This exacerbated the geo-political importance

assigned to India in US's Asia outreach and highlighted acceptance of the strategic link between Indian and Pacific Oceans.

Such strategic developments have been closely linked to the transformative aspects of geo-economics in the region. By 2050, the Asian population is estimated to grow by 142 million[11] – this has led to an increased demand for quality infrastructure across the region. Japan's ADB estimates that Asian infrastructural deficit rests at $459 billion;[12] hence, infrastructure and connectivity initiatives have become key to dominating the Asian geopolitical landscape. China's BRI has emerged as the world's most ambitious connectivity and infrastructural development project with a budget ranging from $1 trillion to $8 trillion.[13] BRI is a centralised project that is open to participation from all countries engaging in both hard and soft infrastructure projects. The AIIB's total membership in 2019 rests at 100 members; out of these 44 are Asian countries.[14] In 2019, the AIIB has approved close to 28 projects[15] which have been the highest tally of approvals since 2016 (see Figure 8.1).

Figure 8.1: AIIB's exponential growth since its formal launch in 2016



Source: "Home", *Asian Infrastructure Investment Bank* at https://www.aiib.org/en/index.html.

AIIB, BRI and the Geo-Political Equations

From the beginning, scepticism has prevailed over the BRI even though the leaderships in Beijing have always pro-actively promoted the merits of this grand Chinese initiative. Not really withstanding the merits that the BRI may offer to many countries around the region and globe, a steady amount of cynicism and uncertainty have equally continued that such a Chinese initiative is closely linked to Beijing's foreign policy practice, external engagement strategy, national security objectives, and the covert intent of creating a "community of common destiny" which appears to be the main pillar of the Chinese foreign policy at present.[16]

The BRI seeks to design a Sinocentric world order that revolves around China with a constantly expanding geographic scope that mixes economic and strategic policy goals. The BRI is a centralised project that is governed by top Chinese political leadership with Xi Jinping himself being at the top of the chain.[17] While originally centred around a Eurasian connectivity construct, it has moved well beyond its traditional boundaries to incorporate the Arctic, Africa and Latin America as well as parts of Oceania.[18] The BRI is driven by both internal and external aims and combines economic growth with strategic goals or objectives. It has five main critical components;[19] free trade, policy coordination, infrastructure growth, integrated finance and strengthening of cultural ties by improving people-to-people connectivity. Created for the "rejuvenation of the Chinese nation,"[20] the BRI is deeply integrated with the external treatise of China and has become inseparable with the country's foreign policy directives. Many nations across Asia, Europe and Africa, as well as the Americas, have expressed concerns over the BRI's "debt trap"[21] policies, environmental fallouts, lack of transparency and the global trade dominance scheme it aims at following.

On the other hand, the vision for AIIB was first released in 2013 during President Xi's visit to Indonesia as part of his first tour of Southeast Asia since assuming leadership.[22] He proposed the creation of an Asian investment bank that would focus on infrastructure in order to "promote interconnectivity and economic integration in the region".[23] While the scope and timing of the announcement at the

offset tied AIIB to BRI, the latter was not the only motive behind its creation. BRICS were in talks about the establishment of a new multilateral development bank (MDB) post a proposal by India in 2012 about the same.[24] The bank, which is known as the BRICS New Development Bank, was a result of collective disillusionment post the 2009 global financial crisis with the lack of reforms in the IMF and the World Bank. China wished to create an independent bank which would lead in the hopes of furthering its plans of global economic growth.[25]

Thus, the AIIB is a multilateral banking institution that follows **universal** norms while handling developmental investments related to infrastructure and connectivity. Viewing it in light of regional cooperation that is project/issue-specific, Indian participation in the same is to further regional and non-regional developmental goals. New Delhi views co-members of the AIIB, including China, as "development partners" and hence, guides Indian approach in a strategically balancing manner. In contrast, India's stand towards BRI is state-centrist in nature because it views the same as a unilateral Chinese initiative. The BRI dismisses a consultative approach that follows universal norms and adversely affects the sovereignty of India via its CPEC.[26] Yet, China and India have an ambitious economic ties that both wish to further. No matter how political it may appear to be, the Chinese President Xi Jinping did remark recently that "India and China are opportunities, not a threat, to one another" at the 2019 SCO.[27] The Indian Prime Minister Narendra Modi in his 2018 Shangri-La Dialogue keynote address spoke about how India is looking to create an "inclusive" Indo-Pacific that "includes all nations in this geography as also others beyond", signalling that China is not excluded from the Indo-Pacific canvas that India promotes.[28] Despite bilateral disagreements that include border disputes, humanitarian disputes and shelter provided to His Holiness Dalai Lama by India as well as river water discord, China remains one of India's largest trading partners.[29] In 2019, India's trade deficit with China has gone down by almost $10 billion which has been the result of an increase in India's exports to China by almost 34 per cent coupled with a decrease in Chinese imports to India.[30]

India's stand on the BRI has been clear and consistent since the beginning; it is not a supporter of the project and probably never will be. India decided to not-participate in the BRI Summit in 2019 for the second time in a row at which President Xi in his speech said the initiative is "not an exclusive club" and even vowed to look into the rising debt risks, greener policies and limit corruption.[31] At a recent World Economic Forum (WEF) session, India's External Minister S. Jaishankar reiterated India's longstanding position with a direct "BRI rethink, the answer is no".[32] At the very core of India's vocal reservation of the BRI is the CPEC, part of one of the six flagship economic corridors of the BRI which place China as their hub while connecting it to neighbouring regions. China and Pakistan are old diplomatic and strategic partners.[33] While it was clear that China would incorporate Pakistan in its BRI, the CPEC raised not just security but also strong sovereignty concerns for India. The CPEC aims to connect by road Gwalior in Pakistan to Xinjiang in China; the red flag for India is that it passes through Gilgit-Baltistan in Pakistan-administered Kashmir, a region claimed by both India and Pakistan. Speaking at the second Raisina Dialogue in New Delhi, Prime Minister Modi in 2017 said that "connectivity in itself cannot undermine or override the sovereignty of other nations", highlighting the key disfranchisement India holds in respect to the BRI.[34]

The question then arises as to why India, which staunchly rejects the BRI and is outspoken in its criticism about the same, became a founding member of AIIB and continues to remain its biggest borrower in 2019?

The AIIB goes to show a key fact that shapes India-China relations: The Indian experience explicitly notes that how it chooses to keep its economic engagement with China separate from its political disagreements with Beijing. This has become the main point of divergence in India's approach to the Indo-Pacific with regards to China as opposed to that of countries like the US. There are three key motivators behind India's support of the AIIB. First, unlike with BRI, India was consulted by China at the very onset of Xi's vision of the bank.[35] India is a strong advocate of multilateral consultative projects; especially those that are beneficial for emerging economies. China's

inclusion of India in the process while ideating specifications about the AIIB marked an important milestone in India's support for the project. S. Jaishankar, the then Foreign Secretary, at the 2015 Raisina Dialogue highlighted that the "key issue is whether we will build our connectivity through consultative processes or more unilateral decisions".[36] India responded "positively" to the AIIB proposition because Beijing invited Delhi to participate in its institutionalisation process at the onset. By clearly stating that "connectivity should diffuse national rivalries, not add to regional tensions", S. Jaishankar had clarified that the BRI does not aid India's vision of connectivity as it adds to regional disputes while the AIIB is inclusive.[37]

Second, the AIIB does not threaten India's national security outlooks or its sovereignty; instead, it provides an opportunity for New Delhi to become a part of the process to implement the infrastructure needs. China is the largest and India the second-largest stakeholder (with over 7 per cent of the votes) in the bank; even though China possess the veto power and the highest number of voting rights.[38] Asian nations control up to 75 per cent of the interests in the bank which highlights the multi-nation, rules-based structure of the AIIB in stark contrast to the BRI.[39] The AIIB began operations with a $100 billion budget.[40] India has become its top borrower with AIIB's loans to Indian projects accounting for almost 28 per cent of the total money it has lent till 2018.[41] A total of ten projects have been approved by AIIB for India, out of which the biggest has been a loan of $335 million for Bengaluru metro rail project by India.[42] Another major selling point of AIIB is that it usually disburses loan in consultation or coalition with other MDBs like the World Bank or IMF. In the case of the Bengaluru metro project itself, the European Investment Bank (EIB) loaned $609.5 million to the initiative a couple of months before the AIIB.[43] The BRI, as opposed to the AIIB, does not work on the guidelines of transparency and openness. The very structure of AIIB has from the beginning espoused aims of incorporating the best practices of seasoned MDBs - which is why the former staff of global MDBs was recruited in the AIIB. The AIIB still focuses on maintaining a small team and has a non-resident Board of Directors. The President of AIIB, Jin Liqun,

is a former high ranking Chinese official and it is likely that future Presidents of AIIB will also be Chinese. This, however, will not be unique to AIIB; Japan's ADB has only ever had a Japanese President while the World Bank has only had American presidents. India has major infrastructural development needs and the AIIB allows India to implement them without sacrificing its fundamentals that New Delhi holds on transparency and development.

Third, India and China can together shape the future of Asia, and primarily in promoting the Asian influence in global developmental architecture. India's AIIB outlook is shaped by factors like India's growing global presence and shared interests with China in ameliorating international financial systems.[44] As emerging regional powers with a growing global strategic pull, infrastructure and connectivity in Asia and the Indo-Pacific weigh as top priorities for both. The point of divergence is over the way both countries wish to achieve this priority, but the same does not play in the case of AIIB. This was further seen when in 2017 India rejected China's invitation to attend the BRI summit but offered to and successfully hosted the third annual AIIB meet in Mumbai in 2018.[45] India and China can be seen as mending and furthering their own ties. The informal summits between Xi and Modi, first at Wuhan and then in Chennai, have heightened efforts around improving India-China ties. The Wuhan consensus of deftly managing differences and not let it "dilute cooperation" was echoed at the second informal summit which added the "Chennai Connect" to the equation.[46] The Chennai Summit witnessed Prime Minister Modi counter Xi's offer of creating a MSR between Chennai and China with offering China the opportunity to form a "Chennai Connect" by subscribing to India's vision of the Indo-Pacific.[47] This was further highlighted by the Indian official statement released post-summit with a reference to "rules-based international order".[48] Both leaders have appreciated the growth the two nations have achieved in respect to AIIB; Modi during his address at the third AIIB Summit asked the AIIB to increase its financing for India ten-fold to $10 billion by 2020 and $100 billion by 2025.[49] In brief, India's acceptance of the AIIB is composite and highly ambitious.

The Universalism-Unilateralism Conundrum

Infrastructure building is paving way for cooperation between India and China within and beyond the purview of AIIB. Alternatively, infrastructure connectivity, both regional and global, has become a point of competition and contention in India-China ties. The emergence of China as a strong builder of regional connectivity via its BRI has become a matter of grave strategic concern for India. Adding to the concerns regarding the CPEC, the growing presence of China in India's neighbourhood coupled with debt trap policies as seen with Chinese dealing of Hambantota Port have put India on guard. India does not wish to concede to China's position as the leading connectivity promoter. India's "Act East" and "neighbourhood first" policies place connectivity at their core. Many "like-minded" countries have launched competing for connectivity initiatives with Japan's Expanded Partnership for Quality Infrastructure (EPQI), the US' connectivity initiatives vis-à-vis Indo-Pacific and India-Japan common ambition to promote connectivity and corridors under the framework of "Platform for Japan-India Business Cooperation in Asia-Africa Region" ranking among some of the more prominent ones. India's Bangladesh-Bhutan-India-Nepal (BBIN) initiative and the North-South Transport Corridor (NSTC) reflect India's dedicated attempts at establishing itself as a connectivity promoter.

At the fourth AIIB annual meeting, held in Luxembourg, President Jin Liqun envisioned that together with the help of its members, the AIIB will become "the bank that connects Asia to the world".[50] This summit was the first held outside of Asia and was centred around the theme "cooperation and connectivity". Three new members were added during the meeting – Benin, Rwanda and Djibouti – marking a milestone membership club of 100 nations.[51] Vice President Sir Danny Alexander, who was formerly a minister in the United Kingdom Cabinet, noted how such a fast increment in the number of its members highlights the fact that AIIB has "established itself as part of the rules-based international system".[52] India certainly recognises Chinese superiority in infrastructural connectivity promotion, as it is quite apparent by India's acceptance of China as a "development partner". India is hence aiming for better cooperation with China to

further its own national connectivity gaps. The AIIB provides India with the perfect opportunity to engage with China by forming a cooperative partnership while simultaneously rejecting the BRI.

As is the case with the Indo-Pacific, India's Asia outlook is also "for something" rather than "against somebody".[53] India's vision of an "Asian century" and "free and open" waters is focused on a multilateral framework at the regional level encased within an international foreign policy outlook. Recent Indian dealings with China have been focused on resisting Chinese unilateral and protectionist policies while simultaneously furthering India-China ties in order to reform international economic demographics in favour of emerging nations and Asian powers. This two-pronged association has allowed New Delhi to individually evaluate the AIIB and the BRI; hence, acceptance and participation in AIIB do not necessitate an Indian endorsement of the BRI.[54] India is seeking to tread a thin line between its involvement in the AIIB and its bilateral approach towards China.

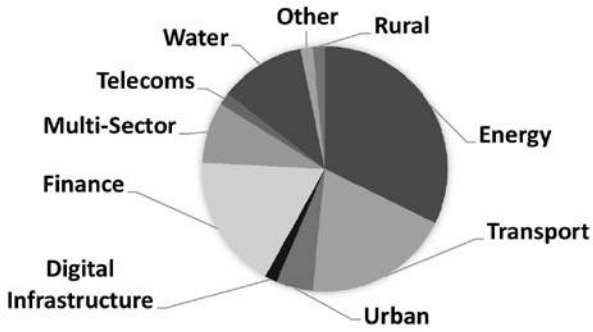
Furthermore, the parallel re-emergence of India and China signifies the resurgence of Asia in international systems. Coupled with the growth of the "Asian tigers" – Japan, South Korea, Singapore and Taiwan – the shift in the concentration of power from West to East has become more pronounced. Continued economic growth is likely to position India and China as the top three economies of the world by 2030.[55] Enamoured by improving economic standards, both countries are actively focusing on expanding their political, military and cultural linkages as well. It is in such a situation that the Thucydides Trap comes into play. Based on Greek philosopher Thucydides' treatise on the Peloponnesian War, the Thucydides Trap doctrine argues that the emergence of a rising power leads to a confrontation with the existing hegemon.[56] With China being far closer to achieving global power status, the confrontation between the US and China is highly likely. The 2019 trade war between the two nations is a prime example of modern-day economic warfare. As India and China grow, they are seeking to restructure international systems in order to further their own national interests. These interests converge on topics like recovering the importance of Asian powers but also diverge acutely

on topics like domestic politics, territorial disputes, rivalries in the realm of geopolitics and the Indo-Pacific.

China's outlook on Asia is very much Sinocentric that entails opposition to the US. India's vision of Asia is inclusive in nature and hence incorporates powers outside of Asia in order to strengthen the region. While countries like France and the United Kingdom (UK) have followed the US in voicing concerns with respect to the BRI, their outlook towards the AIIB has been different. Despite US objections, the UK in March 2015 announced that it will join the AIIB as a founding member and also lend money to the institute, becoming the first major Western power to do so.[57] This was almost immediately followed by a joint announcement by France, Italy and Germany stating their willingness to join the bank as founding members. South Korea and Israel, who are both close allies of the US, also joined the AIIB as founding members while many African and European countries have done the same. With Canada's membership of the AIIB in 2018,[58] the US became isolated as the only major Western power who has stayed away from the bank. Membership of the AIIB allows major developed world powers the opportunity to have a share in the large Asian infrastructure construction market. Smaller states and emerging economies under the AIIB are able to secure bigger loans to meet their infrastructure requirements.

Further, a quick review of past AIIB approved projects will show that the highest approved investments by the bank have been focused on sectors pertaining to energy, transport and finance (see Figure 8.2). With the majority of the projects being co-financed by either global financial institutions or local governments, the AIIB is set on promoting a "clean" image that echoes its commitment to the Paris Agreement.[59] Water is also a leading and growing investment sector for the AIIB as the bank wishes to invest in initiatives that promote sustainable infrastructure. The AIIB follows the triple-A rating structure from Moody as well as Standard and Poor which echoes its commitment to upholding international standards of governance. Establishing itself as a multilateral or plurilateral lending institute, the AIIB aims to invest in projects that further sustainable infrastructure growth.

Figure 8.2: Sector-wise distribution of 62 approved AIIB projects



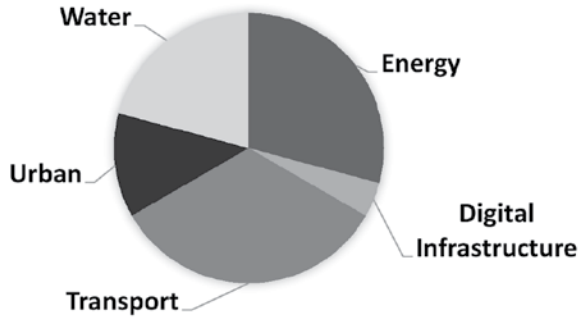
AIIB's investments are being driven by demands to fulfil energy and transport infrastructure demands.

Source: "Approved Projects,"Asian Infrastructure Investment Bank at https://www.aiib.org/en/projects/approved/index.html. Accessed on December 20, 2019.

The AIIB has further 24 projects that are under proposal with energy, water and transport being the leading sectors of focus (see Figure 8.3). In infrastructural development, the AIIB wants to "catalyze a region-wide acceleration toward sustainability" and move towards a "green" future.[60] The AIIB in 2018 also began implementing a Project-affected People's Mechanism (PPM) policy in the projects it approved.[61] The policy seeks to create a platform for those people who believe they will be adversely affected by projects the AIIB has invested in. It furthers the bank's commitment to the Paris Agreement and is an extension of its Environment and Social Policy (ESP). The policy also highlights the transparency and universal-norm adherence outlook the AIIB seeks to promote for itself.

The US foresees that via the AIIB, China seeks to upend the existing international financial institutions, which are US-centric in nature, and replace them with China-centric financial institutions. China has repeatedly highlighted that the AIIB offers a complementary to existing financial structures and aims at learning from them in order to inculcate the best of their processes. The 2015 race among non-Asian developed countries to become founding

Figure 8.3: Sector-wise distribution of 24 proposed AIIB projects



Focus on investment in the future will be driven by AIIB's ambition of being the face of sustainable infrastructure development.

Source: "Proposed Projects," Asian Infrastructure Investment Bank at https://www.aiib.org/en/projects/proposed/index.html. Accessed on December 20, 2019.

members of AIIB, at the expense of upsetting ties with the US, transformed the AIIB from a regional financial framework to a bank with global reach and potential.

The AIIB's Growing Chronicle

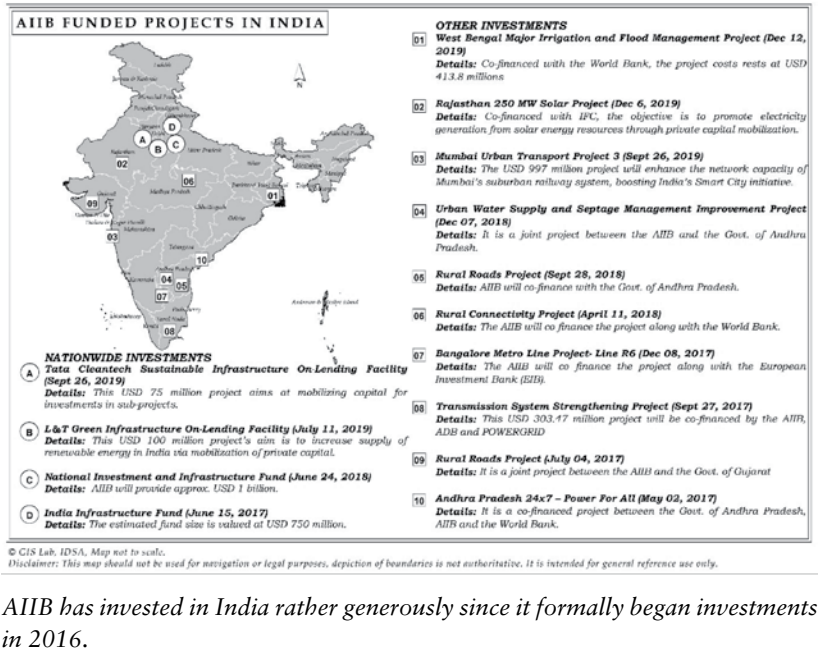
The AIIB was perceived as a competing institution to existing financial institutions as it was initially seen to be a financial arm of Beijing's BRI. But, with a growing deficit in Asia's infrastructure budget, the AIIB became to be accepted as a much-needed endeavour. Countries like India, UK, France and other European powers that view the BRI with extreme caution, realised that being a part of the AIIB would not only allow them to aid in building infrastructure in Asia but also to shape the direction of influence in the region. The initial concern that the AIIB would compete against other financial institutions was appeased when member nations were able to effectively incorporate environmental and energy protocols from the World Bank and ADB into the AIIB's Articles of Agreement. The fifth annual meeting of AIIB will be held in Beijing in July 2020; the 100-member strong AIIB now has a "member on every continent".[62]

Nonetheless, the AIIB and the BRI do have significant convergence. Many BRI projects and added infrastructure initiatives that will ultimately further BRI projects will be or are already being financed by the AIIB.[63] But, the reason why the AIIB has been able to garner such widespread membership nevertheless is because the BRI intersects with multiple projects of financial institutions like the World Bank, ADB and European Bank for Reconstruction and Development (EBRD). For instance, the Kazakhstan part of the Western Europe-Western China Highway has been funded by the World Bank, but features as the major roadway for BRI's central corridor.[64] The National Motorway M-4 Gojra-Shorkot Section Project complements the CPEC with ADB serving as the main co-financer along with the AIIB and the UK's Department for International Development (DfD).[65] The Trans-Anatolian Natural Gas Pipeline (TANAP) is being financed by the AIIB in association with the World Bank, EBRD and ADB.[66] TANAP is an important part of the BRI as it is connected to the Baku-Tbilisi-Kars railway project that will connect China with Europe and promotes China's outreach to both Turkey and Europe. Till date, the AIIB has approved over sixty projects all over the globe; out of these, the majority have been co-financed initiatives between AIIB and other international financial institutions.[67]

Within India, the AIIB has begun investing in mainly government initiatives and is planning to invest close to $2.5 billion[68] in urban transport projects which marks a huge boost for the current Indian government Smart City initiative. AIIB began approving funding for projects in 2016; until now, it has funded 14 projects in India out of the total number of 62 projects it has approved worldwide (see Figure 8.4).

The AIIB will also soon start extending credit in local currency as opposed to the dollar-focused lending it does at present. India will be the first recipient of the same, as announced by the bank's Chief Investment Officer at the fourth AIIB summit at Luxembourg in 2019.[69] India is AIIB's biggest borrower and is hoping to further expand its involvement with AIIB in the years to come. The 2018 AIIB Summit also saw the establishment of the Asian Infrastructure

Figure 8.4: AIIB funded projects in India



AIIB has invested in India rather generously since it formally began investments in 2016.

Source: "Approved Projects," Asian Infrastructure Investment Bank at https://www.aiib.org/en/projects/approved/index.html. Accessed on December 22, 2019.

Forum that will focus on developing businesses by forging better connections among its members. Prior to the summit, the AIIB approved a $100 billion investment into India's National Investment and Infrastructure Fund (NIIF). Another $100 billion will also be invested in the NIIF by the AIIB, amounting to $200 in total.[70] The investment shows AIIB's commitment to supporting Indian investment initiatives and further deepens India-AIIB ties. The AIIB has another 24 projects under the proposal and out of these, 5 are major investments in India (see Table 8.1).

China has rapidly emerged as the main source of FDI. The Chinese FDI has gradually expanded in terms of geography and sectors and is focused mainly on developing economies. The AIIB is in no way as large as the BRI, but in contrast to the Chinese BRI outreach, the AIIB has proven to be a far friendlier option that has swiftly gained the confidence of the international community. Via

Table 8.1: AIIB' five large-scale investments in India with close coordination with State and Central governments

Indian Projects Under Proposal at AIIB	Details
Chennai Metro Rail Phase 2 Project - Corridor 4	This project will be co-financed by AIIB and the Govt. of Tamil Nadu and aims on providing high capacity and efficient east-west connectivity through Chennai by expanding the city's metro system
Assam Intro-State Transmission System Enhancement Project	Aimed at improving power transmission networks in the State of Assam the project cost is estimated at $593 million of which AIIB will finance 83%
Nangal Chaudhary Integrated Multi-Modal Logistics Hub (IMLE) Project	With an estimated project cost of $142 million this project will be co-financed by AIIB (49.3%), GOI (24.3%) and Govt. of Haryana (26.4%)
Assam Electricity Distribution System Enhancement Project	With a total cost of $482 million, it is to be co-financed by AIIB (with an 80% share) and the Govt. of Assam (with a 20% share))
Karnataka Rural Water Supply Project	Costing $572 million, the project aims at improving water sanitation and connectivity in Karnataka, India. It will be co-financed by AIIB (with a 70% share and the Govt. of Karnataka (with a 30% share)

Source: "Proposed Projects," Asian Infrastructure Investment Bank at https://www.aiib.org/en/projects/proposed/index.html. Accessed on December 20, 2019.

the AIIB, China is aiming to counter its negative impression that has spread post the BRI by showing that it can effectively espouse universalism and work in significant cooperation with both Asian and non-Asian world powers.

Summing Up

New Delhi's approach towards the AIIB is based on a globalist perspective. India does not advocate a "China containment" strategy or subscribe to the anti-China narrative the US has been advocating.[71] China and Russia are both considered to be strong regional partners by India which indicate that India's vision for Asia and the Indo-Pacific does not have a strategic consonance with the US. India is as invested in its relations with the US as it is with China and Russia; understanding the centrality India plays in the region, New Delhi has taken a liberty in analysing its ties with other powers on a case-by-case basis. India's surprising absence from the US-led Indo-Pacific Business Forum in 2018 was telling in this regard. Japan and Australia were co-convenors of the forum that aimed at encouraging infrastructural investment in Indo-Pacific. Given India's objections to the BRI and established presence with the participating countries in quadrilateral and trilateral groupings, the fact that New Delhi abstained from attending the event confirmed its hesitation in aligning with an anti-China initiative.

While the Indo-Pacific construct the US espouses does have certain overlaps with India's vision for Asia, New Delhi's regional vision is more in line with that of China's. It focuses on advancing Asian skills and growth to support a world order that is led by Asia. Under President Trump, America espouses an "America first" strategy that looks at Indo-Pacific security and Asian infrastructural connectivity needs as a means to further capital-investment with the end goal of containing China. Prime Minister Modi's speech at the third AIIB Summit in Mumbai highlighted India as a "bright spot" in the global economy that seeks to further engage with the AIIB and China in developmental partnerships. The AIIB has also attracted a number of African countries as Africa, like Asia, faces a massive infrastructural financial deficit that ranges from $68 billion to $108 billion yearly. Many African countries have already subscribed as members to AIIB with the prospective members' list of AIIB containing over five African countries. Middle-income countries are more likely to benefit from the AIIB membership due to the lack of technical capacity building and financial provisions it offers outside

of Asia.[72] Increased involvement of African powers in AIIB would prove to be beneficial for India since Indian engagement with Africa under forums like the India-Africa Summit, IBSA, G-20, BRICS and IORA is growing steadily.

To put it directly, national interests take a lead in the Indian approach, and more importantly, a pragmatic approach is reflected in India's stance towards the AIIB vis-à-vis BRI.[73] India's BRI consternations are based on arguments that it affects India's sovereignty via the CPEC, is a unilateral Chinese initiative that is dismissive of international norms and provides China with strategic gains in India's South Asian and Indian Ocean neighbourhood. Alternatively, India's support of the AIIB is driven by the bank's multilateral structure that promotes universalism via consultative practices and provides India with absolute gains through cooperation in the realm of infrastructure development. Hence, India's support of AIIB should not be viewed as softening of India's stand, in regards to BRI. Similarly, China's goal at establishing AIIB should not be viewed in isolation of its "Asia for Asians" ambitions.[74] AIIB has co/financed multiple BRI projects, but it was Chinese dissatisfaction with Bretton Woods-financial institutions that was the main reason behind the creation of the bank. Even though China has been an active member of multiple international financial institutes like the ADB, World Bank, International Development Bank (IDB) and EBRD, it faced extreme difficulty in reforming the institutions to gain more voting rights. Chinese motivation behind the creation of the AIIB essentially draws from the fact that the world's top financial institutes do not possess the outreach to fulfil Asia's infrastructure needs.

In conclusion, it is India's globalist perspective that is mirrored in New Delhi's AIIB engagement. India receives substantial economic gains via its membership of AIIB and provides India with a substitute lender to the World Bank, the ADB and the IMF. Further, both India and China have emerged as fast and strong global economies. However, this growth has not coincided with their promotion in international financial institutions. India, like China, has been a strong advocate of reforms within international financial institutes in

order to improve its own standing within the structures and increase its voting shares but these reforms have largely been stalled. In AIIB, India is the second-largest shareholder after China which provides India with the global standing it needs in order to further economic and geopolitical aspirations. Since the AIIB follows universal norms of operations, it allows India as the second-highest shareholder and founding member, to have considerable influence within the institutional framework of the bank. A key example of this influence was seen by the successful inclusion of a provision proposed by India in the AIIB Article of Agreements that makes an agreement of the parties involved in conflict vital in respect to projects that are taking place in disputed territories. India's policies vis-à-vis BRI and AIIIB, respectively are based on reducing geopolitical risks regionally while capitalising on economic gains within its borders.

Notes

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9. Shanghai Cooperation Organisation (SCO) and the Future of Regional Integration in Central Asia

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Introduction

Regional cooperation and integration are among the most important trends in contemporary international relations. The Central Asian Republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan have co-founded and joined regional organisations and institutions. However, there are challenges, similarities and contradictions within the multilateral relationships in Central Asia such as the Commonwealth of Independent States, EEU, SCO, SERB, Central Asia plus the US, the EU strategy, Central Asia plus Japan, Central Asia-Republic of Korea, India-Central Asia and others. SCO passed institutional transformations and presently, it is one of the active initiatives in Central Asia. But, while analysing regional institutions must take into account particular local and regional situations, the internal and regional economies, cultures, and politics. Current and future Central Asian transformation will be prompted by interlink local, regional, trans-regional and global issues and challenges.

This paper is an attempt, from a multidisciplinary perspective, to analyse the new geopolitics in Central Asia, the formation of SCO, and the challenges to regional cooperation initiatives in Eurasia and Central Asia from the perspective of open regionalism and broader partnership. Elaboration of formal multilateral relations in Central Asia will contribute to perspective on future regional cooperation and international partnership.

Challenges of stability and intraregional initiatives in Central Asia

The independence allowed the Central Asian Republics to establish external links; however, there were some challenges and problems. First, the Republics had no experience in managing international politics, because, during the Soviet period, all external relations were conducted through the Ministry of Foreign Affairs in Moscow. The Soviet Republics were not directly engaged with the outside world and had very limited institutional capacity to manage these ties. Second, the last years of the Soviet Union and the period after its dissolution created economic, political, social, and ethnic instability in Central Asia, revealing several significant problems. Third, the collapse of the USSR created a new geopolitical situation in Eurasia. Major actors and international organisations demonstrated geopolitical interests in post-Soviet Central Asia.

In 1993, at a meeting of the Presidents of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan in Tashkent, the term "Tsentralnaya Aziya" (Central Asia) was adopted as a joint designation. At present, the Central Asian Republics have a total population of over 70 million people with a total GDP of over $310 billion.[1]

The Central Asian Republics formed bilateral and multilateral relations. More than a hundred countries formally recognised the Central Asian nations and established direct diplomatic relations with them. At the same time, the Central Asian Republics started to confront threats and challenges, including terrorism, illegal human and drug trafficking, economic and environmental problems, and others. National and regional security challenges in Central Asia are independent and interconnected. It is necessary for Central Asia nations to extend cooperation and create joint security systems, including political, economic, educational, ecological, and other aspects.

Since the early 1990s, the Central Asian Republics have formed a new model of interstate cooperation. They have common historical development and culture of diversity, language and religion, and a secular form of government. It is necessary to consider several factors

in multilateral relations within Central Asia. First, the Central Asian Republics have set as a priority the formation of the nation-state identity over a regional one. Second, the republics were on the path to economic reform and these processes were of varying degrees of intensity.

In 1992, the Central Asia Regional Cooperation Organisation was created. In 1993, in Tashkent, the protocol between Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan on the establishment of the common market was signed. In January 1994 at a meeting in Nukus, Uzbekistan and Kazakhstan signed a treaty on common economic space. Kyrgyzstan later joined. The agreement outlined the goals of allowing the free movement of goods, services, and capital between states, and involved coordination of fiscal, credit, tax, price, and customs policies. At the Almaty Summit in July 1994, Kazakhstan, Kyrgyzstan, and Uzbekistan decided to set up the Inter-State Council, consisting of Presidents and Prime Ministers. Soon after the civil war ended in 1997, Tajikistan joined the common economic space of Kazakhstan, Kyrgyzstan, and Uzbekistan. In 1998, the regional partnership platform was renamed the Central Asian Economic Community (CAEC). In 2002, the Central Asian Cooperation Organisation (CACO) was created and included Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, but excluded Turkmenistan.

Within the CACO framework, there were several problems in implementing policies. Between 1994 and 2006, there were more than 200 documents signed, many of which were never realised. There were disparities with respect to regional cooperation and prioritising national interests over regional integration initiatives in the Commonwealth of Independent States (CIS), which were often contradictory. The CACO failed to provide a structure where states could find joint solutions to regional security problems and water-sharing issues.

At the same time, multilateral relations between the states of Central Asia were strongly affected by regionalism in different countries. Since the early 1990s, Turkey has attempted to unite Central Asia, Azerbaijan, and other Turkic peoples in the CIS in

its own interests. Following a strong Russian initiative in 2000, the Eurasian Economic Community (EEC) was founded. In October 2004, Russia became a member of CACO. In November 2005 at a summit in St. Petersburg, it was decided to incorporate CACO into the EEC. In January 2006, Uzbekistan became a new member of the EEC. From Uzbekistan's perspective, it was important that the EEC adopted the critical documents of CACO, including the ones on the use of water and energy. Uzbekistan declared its acceptance of the sixty-five treaties of the EEC, while Moscow did not commit to the signing of the main documents of CACO, of which there are hundreds. If the integration of the EEC was one-way, the concept, structure, and interests of CACO (including its executive bodies) should have automatically been incorporated into the EEC, but this did not happen. Furthermore, the EEC and CACO documents were not synchronised. As a result, in October 2008, Uzbekistan withdrew its membership from the EEC.

In December 2016, the newly elected President Mirziyoyev mentioned Central Asia as the priority of his foreign policy. His first two international visits were in March 2017, to Turkmenistan and Kazakhstan. During the visit to Turkmenistan, from March 5-6, 2017, Presidents Berdimuhamedov and Mirziyoyev adopted a joint statement and signed an agreement on strategic partnership. The States signed documents on cooperation in the economy, agriculture, transport, communication, and in the cultural-humanitarian spheres. The Presidents also participated in the opening ceremony of the Turkmenabad-Farab road and railway bridges over the Amudarya River between Turkmenistan and Uzbekistan.

The President of Uzbekistan paid a state visit to Kazakhstan on March 22-23, 2017. Nursultan Nazarbayev and Shavkat Mirziyoyev signed the Joint Declaration on Further Deepening of the Strategic Partnership and Strengthening of Good-neighbourliness.[2] Thirteen documents related to parliamentary partnership, documents on cooperation on the economy, trade, industry, transport, and defence were also signed. Among them, the Strategy of Economic Cooperation for 2017-2019 and the Agreement on the Interregional Cooperation are of particular importance. Within the framework of

the visit, the National Industrial Fair of Uzbekistan and a business forum with participation of more than 500 entrepreneurs from Uzbekistan and Kazakhstan were held in Astana. As a result of these two events, trade contracts and investment agreements for a total of about $1 billion were signed.

Uzbekistan extended cooperation with Tajikistan as well. In 2017, 25 years after their termination, the flights between Tashkent and Dushanbe were re-established.

In 2016-2018, the Central Asian Presidents had more than 20 official and working meetings with the Central Asian counterparts and a number of documents on economic, trade, transport, communication, and cultural cooperation were signed. As a result, regional trade increased. Particularly in 2017 alone, the volume of trade between Uzbekistan and Kyrgyzstan increased by 70 per cent, with Tajikistan by 85 per cent, and with Kazakhstan by 9 per cent. In March 2018, the first Central Asia leaders' forum was held in Astana (Nur-Sultan), Kazakhstan.

Moreover, President Mirziyoyev decided to join the Council of Cooperation of Turkish-speaking countries. Thus, Uzbekistan became the fifth member of the international organisation in 2018 which was established in 2009 at the initiative of Turkey, Azerbaijan, Kyrgyzstan and Kazakhstan.

From Shanghai Five to SCO

China is one of the largest neighbours of the region and its policy in Central Asia prioritises the expansion of political and economic contacts with the states. China strongly supports multilateral cooperation.

In 1996, Kazakhstan, the PRC, Kyrgyzstan, Russia, and Tajikistan signed a joint agreement to create the Shanghai Five grouping with a view to taking measures to strengthen confidence-building and disarmament in the border regions between the member states of the organisation.

After the disintegration of the Soviet Union, the Central Asian states and Russia inherited the disputed cross-border areas on the external borders, in particular on the border with China. Before the

collapse of the Soviet Union, there were several disputed areas on the borders with China, and some of them fell in the territory of Central Asian States. There were negotiations in this connection, but the dispute regarding the territories in the border regions remained unsolved.[3] From 1992, Kazakhstan, Kyrgyzstan, and Tajikistan as independent countries began to negotiate with China. As a result, agreements on the delimitation of frontiers were signed between China and the Central Asian Republics. In particular, Kyrgyzstan and China in 1997 and 1999 signed the relevant documents concerning the delimitation of the Kyrgyzstani-Chinese border.[4]

Over the years of its existence, SCO has gone through several stages of development and significant changes. SCO has engaged in a qualitative and quantitative evolution, during which it has laid down the organisation priorities and formed its goals and objectives. There are two major periods in the process of the formation and development of SCO. *The first period* began in 1996 when the principles and structural mechanisms were being formed for the development of multilateral relations of member states. This period was characterised by the normalisation of relations concerning some key issues: e.g. security, prevention of any possible conflicts between the member states, overcoming mutual distrust. In particular, an agreement on the mutual reduction of armed forces in border regions was signed at the Summit of the Shanghai Five grouping in Moscow in 1997. At the Almaty Summit in 1998, in addition to enhancing cooperation on regional security, the agreement also included issues of trade and economic exchange. The Bishkek Communiqué of 1999 signed by the heads of states stated the major task of the first period of activity – the implementation of confidence-building measures and the maintenance of border management cooperation.

The first period was also characterised by the expansion of the organisation's activities, including cooperation in combating manifestations of terrorism, extremism, and separatism, the expansion of the format of the negotiations, and the meetings of heads of Law Enforcement Bodies and Security Departments, Foreign Ministers, and Ministers of Defence. At the Fifth Summit held in Dushanbe in 2000, which was attended by Uzbek President

Islom Karimov, the parties' endeavour to develop cooperation in several key areas – security, defence, law enforcement, foreign policy, economics, ecology, water resources, and culture – was once again brought into focus.

The transformation of the Shanghai Five to SCO took place in June 2001 in Shanghai, at a meeting of the leaders of Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. In this meeting, Uzbekistan joined the organisation as a new member state. The year 2001 can be regarded as the beginning of the *second period* in the development of the organisation. According to some experts, the participation of Uzbekistan in the SCO has played an important role in the revitalisation of the organisation. A Declaration on the SCO was adopted on June 15, 2001 at the summit in Shanghai, and it stated that the main goal of the organisation was to strengthen the all-embracing cooperation between the member states on problems of security, defence, foreign policy, economy, culture, and other issues, with cooperation aimed at bolstering peace and security. The transformation of the organisation inaugurated a new era of its activity and its turning from a rather limited international instrument to address and settle border issues, into a collective means to discuss broad-spectrum problems on all aspects of multilateral relations.[5]

The Declaration on SCO as well as the Convention on Combating Terrorism, Separatism, and Extremism was circulated as official UN documents. According to the Convention, SCO members should work together to prevent, detect, and suppress unlawful acts, hold consultations, coordinate positions to deal with them, and share information. In June 2002 at a meeting in St. Petersburg the founding document, the Organisation Charter (Statute), was signed, and the St. Petersburg Declaration was adopted. It proclaimed the openness of the organisation toward the inclusion of third countries and the admission of new members, which indicated the rejection of the idea of regional isolation and autarchy by member states.

The Declaration also stated the general intention of the member states, through joint efforts based on the combined potential, to encourage the progress of each SCO member state and jointly meet new challenges and threats. It should be noted that by that

time, an interest in SCO was demonstrated by the ARF, India, Iran, Pakistan, Sri Lanka, Mongolia, the US and other countries. Several of these countries expressed their wish to obtain SCO membership. However, at that period SCO aimed at introducing several levels of participation in its activities, including permanent (full) membership, dialogue partnership, individual projects, and observer status.[6]

Since 2004, the permanent Secretariat of SCO has been functioning in Beijing.

During the Tashkent Summit in June 2004, a Regional Anti-Terrorism Centre (RATS) by SCO was opened. It was presented as a permanent body to enhance the coordination and cooperation of the special services of SCO member states. General Vyacheslav Kasimov, from Uzbekistan, was appointed as the first Executive Committee Director of RATS. The Centre's staff comprised 30 officials from the member states. In a few years, RATS established a single register of terrorist organisations and individuals involved in terrorist activities on the territories of the SCO.

During the SCO Summit in June 2018 in Qingdao, the leaders of the participating countries adopted a number of important documents aimed at further enhancing the effectiveness of multilateral cooperation within the Organisation. In particular, a decision of the Council of Heads of State was signed on approving the Action Plan for 2018-2022 to implement the provisions of the Treaty on Long-Term Neighbourhood, Friendship and Cooperation of SCO Member States, which included a whole range of practical steps to further strengthen mutual understanding in the SCO space, ensuring development.[7] The Programme of Cooperation of SCO Member States in Countering Terrorism, Separatism and Extremism for 2019-2021 and the Anti-Drug Strategy of the SCO for 2018-2023 was adopted at the summit to promote practical cooperation in combating modern challenges and threats to regional security.

The SCO 19th summit was in the Kyrgyzstan capital, Bishkek on 13-14 June 2019. The SCO summit was the first major international event for Kazakhstan President Tokaev after his inauguration and for Narendra Modi after his re-election. The SCO member countries confirmed their commitment to preserving the

organization's development dynamics both in the final Declaration (which covered virtually the entire range of international and regional issues) and in nearly twenty documents signed or approved at the summit.

The SCO passed through a number of interesting phases in its institutional and political evolution and represented an international instrument to coordinate areas of multilateral cooperation. At present, Mongolia, Iran, Afghanistan, and Belarus have observer status, while Turkey, Armenia, Azerbaijan, Cambodia, and Nepal are dialogue-country partners. India and Pakistan started the membership process at the SCO Summit in June 2017 at the meeting in Astana received full membership, which significantly expanded the organisation. According to SCO, its member states encompass 20 per cent of global GDP, a total area of more than 60 per cent of the territory of Eurasia, with a population of more than 3 billion, that is, almost half the population of the globe. Yet, it is important that to date, SCO members and observers include four countries which possess nuclear weapons, and two of them – Russia and China – are permanent members of the UNSC.

However, the existence of differences between the SCO member states on a number of political and economic aspects should be noted, in addition to the expansion of the organisation, resulting in new challenges and problems for SCO. The process of the formation and development of SCO in the first period and early in the second period was fraught with difficulties and problems. A uniform definition of terrorism, which would be clear and understandable as regards the identification of a perpetrator, has not yet been adopted at the international level. There is a lack of conflict management measures, and differences on economic and stability aspects exist, as the majority of projects are sponsored by Chinese investments, even though other countries, particularly Russia, could advance a more active investment policy within the SCO framework.

It is obvious that cooperation between SCO and leading European and Asian countries, the US, and international institutions needs to be developed. In the long term, SCO may open up new opportunities for cooperation and integration among member states, as well as

for cooperation with other international organisations to strengthen regional and global security.

In 2013, in Astana, the Chinese President Xi Jinping announced the creation of "SERB", in 2014 SRF ($50 billion) was established, and in 2016 AIIB (more than $100 billion) was founded, which aimed at providing investment and financial support toward cooperation in infrastructure, resources, industry, and the finance sector, as well as other transport communication projects. This involved various countries in the economic framework of the OBOR initiative. The Central Asian countries and the current republics of the AIIB's ninety-seven member states support China's BRI.

On May 2017 and April 2019 together with more than a dozen state and government leaders, the Presidents of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan took part in the first and second "Belt and Road" international forum in Beijing. Today, there are many challenges to the stability and sustainable development of partner countries in BRI, which requires comprehensive bilateral and multilateral cooperation on economic, political, and security matters. In Central Asia, realisation of the regional and international projects is required. Increased connectivity and technological developments, as well as essential active implementation of the diverse range of cooperation between BRI participating countries, including high-tech innovations, education, public diplomacy and tourism, are required.

Connectivity as a factor of regional and international cooperation

Contemporary Central Asian states consider it important to develop communication networks. The Central Asian republics are involved in new transport arteries connecting Europe and Asia, including Transport Corridor Europe Caucasus Asia (TRACECA). In 2007, the EU Commission launched "The Reorganisation of Transport Networks by Advanced Rail Freight Concepts (RETRACK)"[8] to identify main competing overland railway corridor between Europe and China.

China actively developed new communications links in Eurasia, in particular with Europe. Its branches go into the north-west

and south-west direction, first passing through Russia, Ukraine, Belarus, Poland, and other countries and the second passing through Kazakhstan, Uzbekistan, Turkmenistan, Iran, Turkey, and Europe. The construction of the Tashkent-Andizhan-Osh-Sarytash-Irkeshtam motor highway and the Kashgar-Osh-Andizhan railway project are regarded as part of an intensive economic exchange between China and Central Asia. However, for more than ten years, the implementation of the China-Kyrgyzstan-Uzbekistan rail project has faced certain difficulties in its realization mainly due to the position of Russia. The logic of its continuity is the new railroad in Pap (Namangan region in Ferghana valley) – Angren (Tashkent region), which was built in 2016 in the territory of Uzbekistan. Traditionally, the Uzbek part of the Ferghana Valley was linked with the rest of the republic via neighbouring countries; however, today, there are considerable needs for whole Ferghana Valley to use all transit potentials of Kyrgyzstan, Tajikistan, and Uzbekistan. From this perspective, strong transport communication between China and Central Asian countries raises the possibility of opening new transregional routes.

The importance of transportation of hydrocarbons from Central Asia and the Caspian region to external markets should be noted. In 2005, an oil pipeline from Atasu (Kazakhstan) to Alashankou (China) was completed. In 2009, the first gas pipeline (A line) between Central Asia-China was signed. In the following years, B and C lines, which pass through the territories of Turkmenistan, Uzbekistan, and Kazakhstan, were completed. Further, an intergovernmental agreement on the construction of the pipe-line between Turkmenistan-Afghanistan-Pakistan-India (TAPI) was signed and it will contribute toward future economic recovery of Afghanistan and extend Central Asian links with South and East Asia.

Diversity and Complicity of Extra-Regional Initiatives

The leading external actors in contemporary Central Asia declared their support for stability and regional cooperation. However, Russia traditionally views the region as being within its sphere of influence

and China has considerably extended its economic presence in the region. The EU achieved some progress in the region, but still has limitations. Russia and China from one side and the US and the EU from another have different institutional security approaches in Central Asia. Several Central Asian states are members of the Russia-led military alliance, Collective Security Treaty Organisation (CSTO). At the same time, Central Asian participated at the NATO's Partnership for Peace Programme (PfP).

The end of the 20th century was characterised by significant geopolitical changes and transformations in the Asian continent. Central Asian states voiced their interest in developing mutually beneficial relations with different Asian regions and leading countries such as Japan, the Republic of Korea, India, Turkey, Iran, and others.

In 2004, Japan and Central Asia established a multilateral framework, "Central Asia plus Japan" and its main concepts were coordination and cooperation. However, it needs constant dialogue meetings, full-scale implementation of projects as well as expanding the range of cooperation, including academic partnerships between the participating countries.

In 2007, the "Republic of Korea-Central Asia" discussion forum has been organised. From 2007-2018, within the framework, meetings were held in Korea and in the Central Asian republics to discuss issues for strengthening and further development of cooperation in various spheres, including the IT sector, agriculture, medicine, and health, implementing a system of "E-government," increasing energy efficiency and natural resources, construction and infrastructure, science and technologies, finances, and textiles.

During its EU presidency in 2007, Germany initiated increasing bilateral and multilateral partnerships with Central Asian states as a result of an EU strategy toward Central Asia from 2007-2013.[9] In 2014, the EU decided to extend the strategy for 2014-2018 with the volume of financing reaching 1 billion euros. In May 2019 the EU decided to extend strategy for the next five years. At present, along with Russia and China, the EU is the main trading partner of the Central Asian states, especially Kazakhstan. The EU has expressed an

interest in the energy supplies of Central Asia. In the coming decades, the EU will extend its dependence on external energy supplies.[10]

Since 1992, the US was the only major external actor in Central Asia without a regular multilateral consultative mechanism. In November 2015, US Secretary of State John Kerry made a visit to the countries of Central Asia and met with the Presidents of Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan to discuss bilateral relations and regional stability issues. In Samarkand, Secretary Kerry and the foreign ministers of Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan had a meeting within the new cooperation format "C5+1," pledged in New York in September 2015. The "C5+1" Joint Declaration of Partnership and Cooperation was accepted, which included regional trade, transport and communication, the business climate in the region, environmental sustainability challenges, cooperation to prevent and counter transboundary threats and challenges, support Afghanistan, educational, cultural, and business exchanges, and others.[11] Nevertheless, the success of C5+1 requires concrete and long-term project and programme implementation in economy, trade, energy, communication, tourism, education, and other fields between the US and the Central Asian Republics.

Today, Central Asian and South Asian cooperation is important. In particular, India could play a special role in it, due to its high interest in realising the North-South trade corridor initiative, which includes Central Asia as well. India also expressed interest in trade and ensuring energy security. Improvements in relations between India-Pakistan and Afghan-Pakistan would be an important factor in connecting South and Central Asia. In 2017, India and Pakistan became members of the SCO and it was for the first time since 2001 that the organisation extended its membership. In January 2019, the first ministerial meeting of Foreign Ministers of India and Central Asia was held in Samarkand, Uzbekistan, with the participation of Afghanistan. The Foreign Ministers of the Islamic Republic of Afghanistan, the Republic of India, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan, Turkmenistan and the Republic of Uzbekistan attended the meeting. The Parties reaffirmed

the willingness for cooperation, mutual support, joint solution on relevant issues in order to ensure security, stability and sustainable development.[12] The Ministers paid special attention to the need to expand and establish direct mutually beneficial economic and cultural ties between India and the countries of Central Asia, to enhance cultural and humanitarian exchanges in the framework of people-to-people diplomacy, and to develop the interaction of expert-analytical and public circles, mass media.

Central Asia supported China's calls for the Global Silk Road Initiative, OBOR. There are challenges, but also the potential for Central Asia to cooperate with other regions of the world.

For wider international cooperation, active dialogue and cooperation between the main actors are necessary. Central Asia's partnership with leading nations and international institutions is important for transforming and internationalising the region. Strong regional and trans-regional cooperation will considerably contribute to the development of trade, economy and investment.

Conclusion

Central Asian regionalism is defined by a geographical, historical, and identical coexistence and through partnership and cooperation in economic and security matters. Post-Soviet Central Asia has sought a new model of interstates relations, but Central Asian cooperation has had very weak institutional frameworks and has gone through several regional integration initiatives. Prospects for cooperation in Central Asia will depend on the ability to work together to carry out the proper reforms and common projects.

One of the main challenges for providing security and stability in Central Asia is the maintenance of the geopolitical balance, as well as the creation of a multilevel system of partnerships with different countries and international organisations. Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, at different levels and in different situations, took part at CIS, SCO and others, where their interests were different but needed cooperation.

SCO has passed through a number of phases in its institutional and political evolution and at present, it represents an international

instrument to coordinate areas of multilateral cooperation. Nonetheless, there are certain problems in the development of SCO, including a lack of conflict management measures, and economic and stability aspects, where the majority of projects are sponsored mostly by Chinese investments, even though other countries, particularly Russia, could advance a more active investment policy within the SCO framework.

In 25 years, the Central Asian states have created a more or less efficient system of checks and balances, in that none of the external actors is in a dominant position that would allow them to shape the countries' fates. Current and future transformation in Central Asia will depend on interlinks between regional and global issues and challenges.

Central Asia participated in the development of new links to the east, west, south, and north. There is the potential for regional and trans-regional trade development that will facilitate foreign investment. Strong regional communication networks will strongly contribute to global interdependence.

To sum up, positive transformation and development in Central Asia affected patterns of regional cooperation. There are global and regional challenges today. To a large extent, the interests of external states in Eurasia are driven by their contradictory interests. However, strong international partnerships with Central Asian states is needed for democratic and economic reforms, new technology, innovation, and attracting foreign investment.

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10. RCEP and Indo-Pacific Economic Integration

Tomoo Kikuchi and Kensuke Yanagida

Introduction

In recent years, several governments have announced "Indo-Pacific" policies, including the FOIP concept of the Japanese Government. One pillar of FOIP is the pursuit of economic prosperity by enhancing connectivity in physical, people-to-people and institutional dimensions. RCEP, which aims to build a free trade zone in East Asia, is a powerful instrument to materialise the FOIP vision. India is a member of RCEP. Moreover, Prime Minister Narendra Modi underscored India`s Indo-Pacific vision that is to ensure common prosperity through a rule-based order.[1] India is a key player to both regional integration efforts.

RCEP has its origin in the ASEAN+3 (Japan, China and South Korea) summit, which was inaugurated after the Asian financial crises in 1997. In 2003, China proposed the EAFTA with ASEAN+3. In 2006, Japan proposed the Comprehensive Economic Partnership in East Asia (CEPEA) with the ASEAN+6 (Japan, China, South Korea, India, Australia, and New Zealand). RCEP negotiations began in May 2013 and had 26 rounds so far. The basic guidelines are market access, rules-making, and cooperation. Other basic principles include consistency with WTO, broader and deeper commitments to exiting ASEAN+1 FTAs, and special treatment and flexibility for less developed member countries. Member countries aim to conclude negotiations in 2019. However, only seven of the 18 areas[2] are settled so far, and negotiations are difficult in other areas such as tariff negotiations, trade in services, intellectual property, and e-commerce.[3]

RCEP members account for approximately 50 per cent (3.4 billion) of the world population and 30 per cent of the world GDP

($20 trillion) and trade ($10 trillion). In particular, it is crucial that China, the ASEAN, and India, which are fast-growing markets and manufacturing bases, are RCEP members. Furthermore, as the US, which has played a central role in promoting free trade, tends to protectionism, the RCEP has become a major mechanism to maintain a rule-based, free and open economic order; the RCEP can be seen as a framework that aims to promote gradual liberalisation, while keeping in mind the diverse conditions in Asian countries, by following the liberal economic order.[4]

Japan's FOIP is a concept that connects the Pacific and Indian oceans and the Asian and African continents. It is a diplomatic policy centred on free and open liberal order, regional economic prosperity, peace and stability. Although it is completely unknown what free trade areas will emerge in the Indo-Pacific region, RCEP could be a benchmark in the context of the "free and open liberal order." Moreover, Japan and India launched the Asia-Africa Growth Corridor (AAGC) that is an outcome of their shared interests in Africa. Both the countries share a commitment to a "peaceful, open, equitable, stable and rule-based order" in the Indo-Pacific.[5] In Africa, the African Continental Free Trade Agreement (AfCFTA) has entered into force on May 30, 2019. The agreement aims to eliminate 90 per cent of its customs duties and to create a single market where goods and services can move freely but still remains a basic framework, as important items such as rules of origin, intellectual property, and dispute settlement are still under negotiation.[6] The AfCFTA, however, has attracted the attention of China and India as opportunities to expand trade and investments with Africa.

How much India benefits from trade liberalisation would depend on whether it can solve the lack of infrastructure, which is a bottleneck to India's economic development. Unlike China and other East Asian countries, whose economic development was mainly led by manufacturing industries, India has achieved a unique growth pattern driven by the information technology industry and other service industries. India's Prime Minister Modi launched "Make in India" policy in 2014, with the goal of increasing the share of manufacturing in GDP to 25 per cent by 2022. The "Make in India"

policy targets 25 manufacturing sectors to improve the business environment and basic infrastructure. Improvement of infrastructure is an essential factor in promoting the development of manufacturing industries in India. The need for the logistics service is rapidly increasing, and it is urgent to expand transportation capacity by developing roads and ports. Other major issues include constraints on the supply capacity of electricity, gas, and water, which have a significant impact on the operation of the manufacturing industry.

This paper examines the effects brought by trade liberalisation in RCEP and a free trade zone in the Indo-Pacific region on India using a Computable General Equilibrium (CGE) model. As India`s growth is anticipated, we further analyse the cases when India improves its infrastructure connectivity significantly and when it does not see how the effects of trade liberalisation may change on India.

Modelling Framework

The Model and Data

For the CGE model analysis, we draw on the static model and ninth-edition database (benchmark year 2011) from the Global Trade Analysis Project (GTAP). In the analysis, we aggregate data for 13 regions and 23 industries (see Table 10A.1 and 10A.2 in the appendix) of the GTAP database (comprised of 140 regions and 57 industries). In addition to the standard specifications used in the static GTAP Model, we have modified closures by endogenising capital accumulation, labour supply, and productivity improvements with reference to the Cabinet Secretariat's "Analysis of the Economic Effect of the TPP Agreement" (2015)[7]. This allows for synergy effects among capital, labour and productivity when GDP expands: (1) capital increases and expands production through higher investment of savings, (2) labour supply increases as the result of a rise in real wages, and (3) productivity increases through expanding trade.

Tariff barriers

We estimate import tariff rates based on the GTAP database in the 13 regions and four sectors (primary, light manufacturing, heavy

manufacturing, and machine, see the appendix Table 10A.3). The top three regions with the highest import tariff rates are Korea, South Asia and Sub-Saharan Africa in the primary sector; Sub-Saharan Africa, North Africa and South Asia in light manufacturing; South Asia, India and Sub-Saharan Africa in heavy manufacturing; South Asia, Sub-Saharan Africa and India on machines. In general, South Asia, North Africa and Sub-Saharan Africa maintain high import tariffs across all sectors and have a similar tariff structure. East Asia has relatively low import tariffs except for primary and light manufacturing sectors in Korea. Import tariffs are lowest in the US, the EU, Australia and New Zealand. By sectors, light manufacturing has the highest import tariffs.

Non-tariff Barriers

We estimate non-tariff measures (NTMs) on goods imports. Though NTMs are defined broadly as any policy measures other than tariffs that can affect import price or quantity, we assume the time and costs necessary to process customs procedures to import goods as NTMs in this analysis. The World Bank's Doing Business Survey provides information on the time and costs associated with border compliance and documentary compliance to import goods. Minor estimates ad valorem time costs of one day's delay to transport goods.[8] Based on his estimate, we assume the tariff equivalent time costs per day of 1 per cent for all commodities and countries. We combine these data sources and calculate the time costs of NTMs on goods trade, summarised in Appendix Table 10A.4. Korea's score is as low as that of the US and the EU. Australia and New Zealand, and the ASEAN are efficient in custom procedures and thus have relatively low NTMs costs. China and Japan have relatively high NTMs costs. Developing countries and regions such as India, South Asia, North Africa and Sub-Saharan Africa have high NTMs costs due to inefficient custom procedures.

Next, we estimate NTMs on service trade. Fontagné et al. (2016) estimate existing barriers on service imports expressed in ad valorem tariff equivalent using a gravity analysis approach.[9] We use their estimates for the five service sectors: construction, transportation and

communication, financial service, other service and public service, summarised in the Appendix Table 10A.5. On average, the US, South Korea, the EU and Taiwan have the lowest NTMs costs for service. North Africa, Australia and New Zealand and the ASEAN have relatively low costs. Japan has high costs. South Africa, China, India and South Asia have the highest NTMs costs due to closed service sector markets.

Shock assumptions and scenarios

We perform our simulation in the following order. First, we update the baseline from the values for the benchmark year (2011) to the predicted values for 2030. For the future forecast, we cite the estimates from the "2050 EconMap Database" (CEPII 2014: Version 2.3) and update the variables for real GDP, population, number of skilled and unskilled workers, and capital accumulation with the values for 2030.[10, 11]

Second, we design policy intervention scenarios of implementation of RCEP. In this analysis, we hypothetically assume that an "Indo-Pacific" free trade zone is built based on the expansion of the RCEP framework. We follow the shock assumptions in Kikuchi et al. (2018) that RCEP would reduce tariff level of the GTAP data by 50 per cent, NTMs on goods by 40 per cent (a third of the effects will spill over to non-member countries) and NTMs on service by 7 per cent.[12] For example, non-tariff measures on goods imports may pertain to inefficient procedures in customs clearance, administration, logistics and transport. The access to improved trade logistics infrastructure is presumably non-discriminatory for non-member countries. Therefore, we assume a third of the effects will spill over to non-member countries. In addition, we have in mind service liberalisation through trade agreement provisions on national treatment, most-favoured-nation (MFN) treatment, market access, and local presence. For services, spillover effects to non-member countries are not considered.

Third, we run simulations of RCEP and the Indo-Pacific free trade zone. Although any of the Indo-Pacific policies specify particular countries or regions, we hypothetically include countries

listed in Table 10.1 as the Indo-pacific free trade zone. RCEP consists of the ASEAN and six states (China, Japan, Korea, Australia, New Zealand and India). The Indo-Pacific free trade zone includes RCEP member countries plus Taiwan, South Asia (Bangladesh, Nepal, Pakistan, and Sri Lanka), North Africa and Sub-Sahara Africa.

Table 10.1: List of countries in RCEP and Indo-Pacific

RCEP	Australia, New Zealand, Japan, China, Korea, India, Brunei, Malaysia, Singapore, Vietnam, Indonesia, Philippines, Thailand, Cambodia, Laos, Myanmar,
Indo-Pacific	Australia, New Zealand, Japan, China, Korea, India, Brunei, Malaysia, Singapore, Vietnam, Indonesia, Philippines, Thailand, Cambodia, Laos, Myanmar, Taiwan, Bangladesh, Nepal, Pakistan, Sri Lanka, North Africa, Sub-Sahara Africa

Source: Authors' own.

Fourth, in addition to trade liberalisation scenarios, we incorporate an India growth scenario into the baseline where India significantly improves in infrastructure and energy efficiency. We follow the shock assumptions in Kikuchi and Yanagida (2019) that two types of effects arise from the infrastructure improvement in India.[13] First, the Total Factor Productivity (TFP) in India increases by 3.75 per cent with reference to the "Logistic Performance Index (LPI)" (World Bank, 2018), which is a worldwide database on national logistics infrastructure. Second, energy efficiency in India increases in the form of intermediate input augmenting technological change by 20 per cent based on "The IEA [International Energy Agency] Efficiency World Scenario" published by IEA (2018). In summary, we examine the following four scenarios:

- RCEP: tariff removal of 50 per cent, non-tariff barrier removal of 40 per cent for goods (one-third spill over to non-member countries) and 7 per cent for services;
- RCEP under the India growth scenario: TFP improvement of 3.75 per cent and energy efficiency improvement of 20 per cent applied for India to the baseline;

- Indo-Pacific: tariff removal of 50 per cent, non-tariff barrier removal of 40 per cent for goods (one-third spill over to non-member countries) and 7 per cent for services;
- Indo-Pacific under the India growth scenario: TFP improvement of 3.75 per cent and energy efficiency improvement of 20 per cent applied for India to the baseline.

Results

Effects of RCEP

We will now report the results of the simulation. Figure 10.1 (a) shows the changes in real GDP caused by RCEP under the baseline scenario. RCEP countries gain positive economic impacts while non-RCEP countries mostly have negative economic impacts. In terms of per cent changes, RCEP increases GDP the most for the ASEAN (7.3 per cent), followed by India (6.9 per cent), Korea (5.7 per cent), Japan (4.1 per cent), Australia and New Zealand (3.4 per cent) and China (3.7 per cent). In terms of value, the real GDP grows the most in China ($0.79 trillion), India ($0.29 trillion), Japan ($0.27 trillion), ASEAN ($0.24 trillion), Korea ($0.11 trillion) and Australia and New Zealand ($0.1 trillion). With a substantial economic gain from the RCEP, India's real GDP reaches $4.5 trillion. The RCEP affects non-member countries as well. Taiwan suffers relatively large negative effects (–2.3 per cent) due to increases in price competitiveness of RCEP countries and a "trade diversion" from Taiwan. South Asia benefit (0.7 per cent) from the spillover of income increases in the RCEP countries.

Figure 10.1 (b) shows the results of real GDP changes caused by the RCEP under the India growth scenario. The overall pattern is similar to the results of the baseline scenario. India's real GDP increased by 6.8 per cent ($0.34 trillion) and reaches $5.3 trillion. Spillover effects of India's growth are positive for the ASEAN (up from 7.3 to 8.0 per cent) and South Asia (up from 0.7 to 14.7 per cent) and negative for EU (down from –0.3 to –0.6 per cent). Note that the India growth scenario benefits the ASEAN and South Asia more than India. Details will be explained in the following sectoral analysis.

Figure 10.1a: Real GDP changes ($ trillion) in 2030 – RCEP baseline scenario

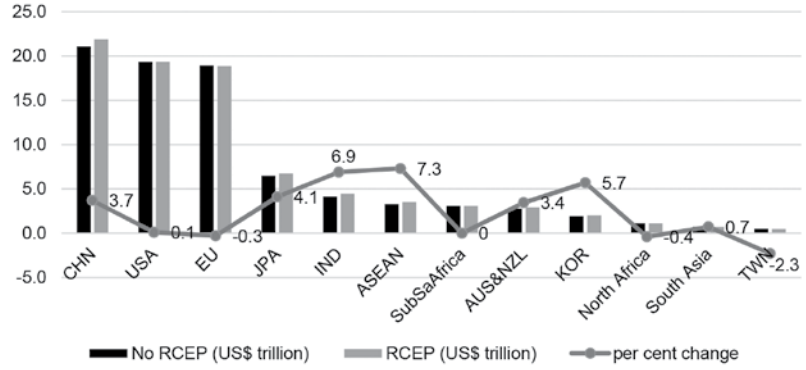
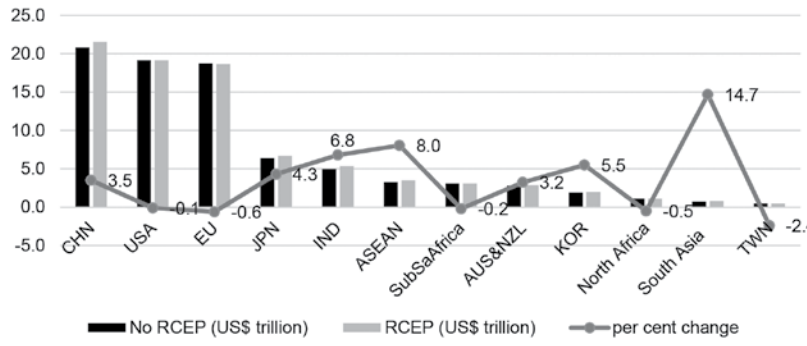


Figure 10.1b: Real GDP changes ($ trillion) in 2030 – RCEP + India growth scenario



Source: Authors' estimates based on GTAP 9.0.

First, we discuss the sectoral results for India. Figures 10.2(a) and (b) show changes in export and import by industry under both the baseline and India growth scenarios. India's capital-intensive manufacturing exports in other manufacturing, chemical, metal, vehicle, electronic and machine increase under both scenarios. Service exports in transportation and communication, finance and other services increase as well. Labour-intensive manufacturing exports do not increase much. This suggests that India does not have a comparative advantage in labour-intensive manufacturing

sectors. Compared with the baseline scenario, the India growth scenario accelerates the expansion of exports in capital-intensive manufacturing and grains & crops, for which South Asia is the main export destination. This brings about a growth effect to South Asia as it releases capital and labour employed in agricultural industries to more productive industries.

Figure 10.2a: Sectoral export for India in 2030
(Left axis – $ billion; Right axis – per cent)

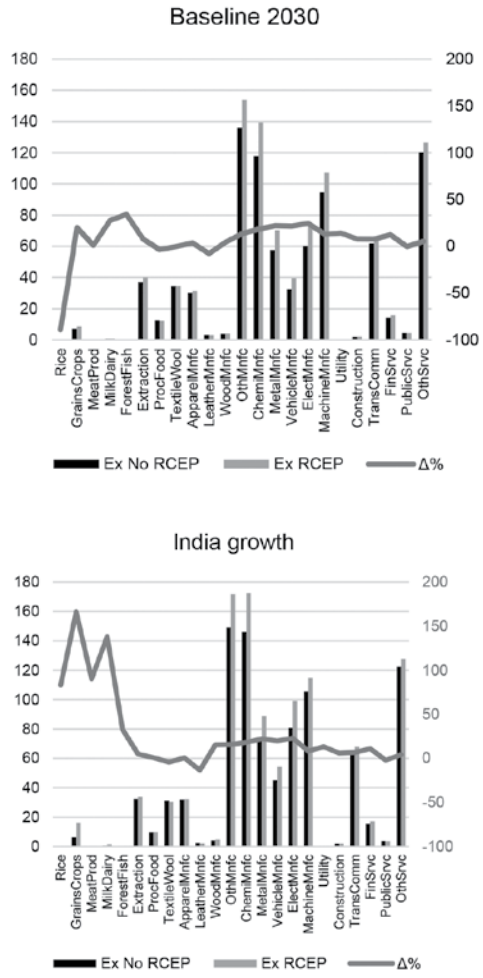
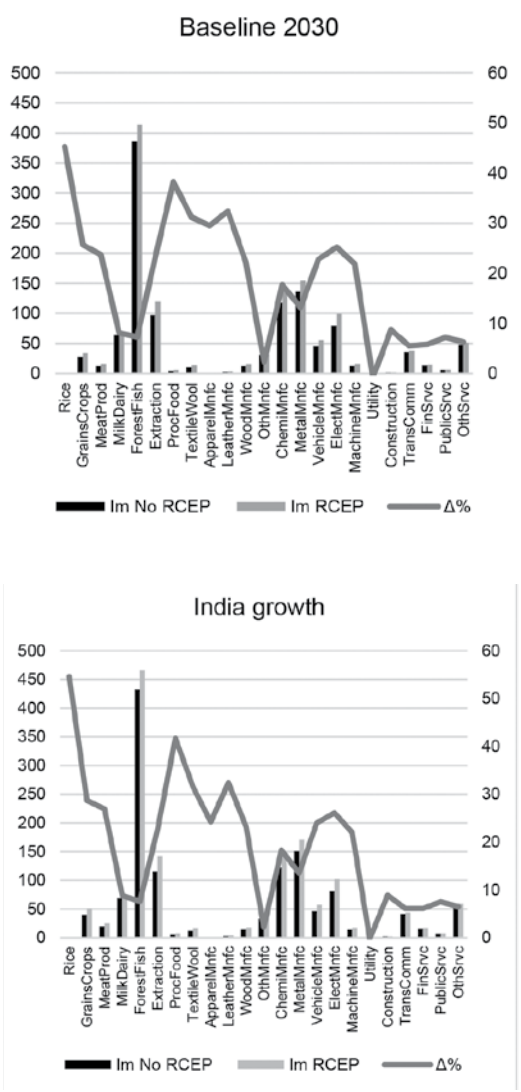


Figure 10.2b: Sectoral import for India in 2030
(Left axis – $ billion; Right axis – per cent)



Source: Authors' estimates based on GTAP.

Regarding import, India expands its agricultural imports in rice, grains and crops, meat, dairy as its income grows. Demand and thus imports for natural resources in forestry and fishery and extraction

expand significantly as well. Labour-intensive manufacturing imports in processed foods, textile and wool and leather grow even though the volume is small. Capital-intensive manufacturing imports of chemical, metal, vehicle, electronic and machine increase the most while service imports in transportation and communication, finance and other services increase only moderately. Compared with the baseline scenario, food imports increase further under the India growth scenario as demand for foods grows as household income grows.

Next, we will report the results of sectoral exports for other regions, summarised in Table 10.2. The ASEAN sees substantial growth in extraction – and labour-intensive industries such as textile, apparel and leather exports. China shows moderate export growth in textile and apparel. Meanwhile, Taiwan, South Asia and North Africa who are not party to RCEP would suffer negative growth in textile and apparel exports. The EU also suffers a negative growth in textile, apparel and leather exports due to higher price competitiveness in RCEP countries. In capital-intensive manufacturing industries the ASEAN and China experience the highest export growth, particularly in chemical, metal, vehicle and electronics industries. On the other hand, the US and the EU's exports in the capital-intensive industries decrease significantly. Sub-Saharan Africa suffers a large negative growth in metal exports. Even though Australia and New Zealand's participation in regional supply chains in manufacturing industry is limited, they increase exports in agricultural goods and extraction.

The results illustrate that RCEP strengthens manufacturing production bases within the RCEP region in particular in the ASEAN, China and India, with supply chain participation by Japan and Korea. Even though the EU and the US do not enjoy any market access improvement to service industry in RCEP countries, they increase service exports in transportation and communication, finance, public and other services due to increasing demand for services as income grows in RCEP countries. Under the India growth scenario, China's exports in grain and crops become larger as demand in India increases. Exports in machine manufacturing further increase for the ASEAN, India, Japan, South Korea and Taiwan but decrease

Table 10.2. Sectoral export changes caused by RCEP ($ billion) in 2030

	AUS & NZL		ASEAN		JPN		CHN		KOR		TWN		India		South Asia			SubSa Africa		USA		EU	
		W/IG		W/IG		W/IG		W/IG		W/IG		W/IG		W/IG		W/IG	W/IG		W/IG		W/IG		W/IG
Rice	0.1	0.0	0.24	0.24	-0.00	-0.00	-0.09	-0.09	0.00	0.00	0.00	0.00	-0.19	0.06	0.36	0.41	0.09	0.01	0.02	0.76	1.06	0.93	0.97
GrainsCrops	0.3	0.9	1.46	2.43	0.06	0.20	6.66	11.79	0.28	0.33	0.06	0.05	1.41	10.03	0.34	1.02	0.37	1.91	2.70	3.13	3.54	2.86	3.10
MeatProd	3.1	3.2	0.44	1.42	0.07	0.08	0.10	0.17	0.08	0.08	0.07	0.06	0.00	0.03	0.02	0.08	0.02	0.43	0.59	0.77	0.67	1.09	1.10
MilkDairy	0.8	0.8	-0.46	-0.53	0.41	0.35	0.41	0.46	0.04	0.03	0.22	0.18	0.18	0.84	0.23	0.22	0.05	0.76	0.79	1.75	1.65	1.09	1.03
ForestFish	1.1	1.1	4.31	4.62	0.00	0.00	0.39	0.42	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	1.96	2.37	2.06	0.64	0.55	1.17	1.05
Extraction	4.7	4.1	18.89	20.93	0.16	0.14	0.66	0.71	0.18	0.17	0.01	0.00	2.99	1.68	-0.02	-0.06	-0.33	0.64	0.36	0.74	0.46	-5.23	-7.14
ProcFood	2.8	2.7	3.39	2.83	0.94	0.91	3.05	3.51	2.27	2.23	0.00	-0.01	-0.39	0.10	0.68	0.68	0.05	-0.19	-0.17	0.67	0.71	5.12	4.66
TextileWool	1.5	1.5	8.68	8.99	1.94	1.82	8.15	10.52	6.03	5.81	-1.39	-1.50	-0.00	-1.17	-0.63	-1.98	-0.30	-0.35	-0.31	-0.42	-0.45	-1.27	-1.14
ApparelMnfc	-0.0	-0.0	14.08	15.32	0.16	0.14	4.14	6.12	0.84	0.79	-0.08	-0.10	1.16	0.28	-2.68	-4.18	-1.16	-0.33	-0.32	-0.12	-0.13	-1.10	-1.29
LeatherMnfc	-0.0	-0.0	7.24	7.11	0.09	0.08	1.88	2.82	0.48	0.44	-0.16	-0.16	-0.24	-0.28	-0.13	-0.50	-0.33	-0.24	-0.24	-0.14	-0.15	-1.70	-1.99
WoodMnfc	0.1	0.0	2.49	2.24	0.80	0.65	7.07	7.85	0.66	0.59	0.20	0.10	0.18	0.62	0.00	0.02	-0.03	-0.18	-0.18	0.73	0.53	3.19	1.54
OthMnfc	0.2	0.2	8.18	8.05	2.03	1.95	9.93	9.85	5.95	5.55	-0.57	-0.64	17.72	22.50	-0.02	-0.02	-0.60	-0.40	-0.44	-1.13	-2.18	-4.70	-5.45
ChemiMnfc	-0.1	-0.1	35.64	36.65	14.77	12.30	49.49	50.28	14.61	12.88	-4.72	-5.09	21.52	26.34	-0.28	-0.31	-1.72	-2.10	-2.43	-2.03	-3.80	-12.30	-19.98
MetalMnfc	0.3	1.0	30.00	34.12	29.35	28.77	29.82	33.78	15.85	13.91	-0.69	-0.91	12.65	16.23	-0.42	-1.07	-0.59	-6.55	-6.80	-3.32	-3.37	-10.73	-15.19
VehicleMnfc	-0.0	-0.0	66.14	64.01	1.99	0.38	51.44	53.77	3.10	-2.35	-4.17	-7.32	7.03	9.09	-0.11	-0.13	-0.39	-0.63	-0.69	-4.07	-4.27	-8.91	-10.73
ElectMnfc	-0.2	-0.2	48.92	48.00	10.01	3.83	71.26	73.09	25.69	20.35	-3.34	-4.93	14.75	18.54	-0.36	-0.46	-1.10	-1.38	-1.48	-5.66	-6.50	-20.59	-27.08
MachineMnfc	-0.1	-0.5	9.97	42.92	2.55	15.78	0.88	-17.50	2.04	12.92	0.74	5.62	12.62	9.20	-0.31	-0.21	-0.03	-0.41	-0.43	-0.41	0.25	-1.70	0.81
Utility	-0.0	-0.0	0.09	0.20	0.00	-0.00	-0.09	-0.06	-0.00	-0.00	-0.00	-0.00	0.01	0.01	0.00	0.00	-0.02	-0.07	-0.06	0.28	0.26	1.16	0.97
Construction	-0.0	-0.0	0.69	0.70	-0.10	-0.35	0.42	0.42	0.27	0.07	0.04	0.02	0.14	0.11	-0.02	-0.06	0.00	0.02	0.01	0.27	0.26	2.10	1.68
TransComm	0.3	0.3	12.10	12.15	3.97	2.79	8.72	9.08	3.83	3.39	1.03	0.85	4.68	4.25	0.16	0.12	-0.09	0.40	0.40	5.29	5.59	23.00	24.35
FinSrvc	0.0	0.0	1.27	1.20	-0.09	-0.27	0.47	0.47	-0.01	-0.12	0.27	0.19	1.77	1.72	0.00	-0.01	-0.03	-0.05	-0.07	0.57	0.68	3.68	2.91
PublicSrvc	0.3	0.3	0.21	-0.03	-0.05	-0.19	0.19	0.22	-0.01	-0.09	0.26	0.21	-0.00	-0.07	0.33	0.53	-0.00	0.05	0.02	3.07	2.91	3.62	3.22
OthSrvc	0.2	0.2	3.67	3.73	0.07	-0.30	1.82	1.99	0.04	-0.27	0.55	0.36	6.55	5.37	0.01	-0.01	-0.14	-0.05	-0.07	1.73	2.00	11.49	9.68

Source: Authors' estimates based on GTAP 9.0.

Notes: Right column shows the results under the India growth scenario (W/IG).

significantly for China. On the other hand, the ASEAN increases intermediate goods imports from Japan, Korean and Taiwan, and thus becomes a production base in machine manufacturing. This suggests a restructuring in supply chains in machine manufacturing with a greater contribution of India. Growth in manufacturing exports, in general, accelerates in the ASEAN, India and China but slows down in Japan and Korea. The EU sees further negative effects on manufacturing exports. Under the India growth scenario, a shift of manufacturing production bases towards ASEAN, China and India further accelerates.

Effects of an Indo-Pacific Free Trade Zone

We will now report the resu lts of the simulation for the Indo-Pacific free trade zone (hereafter "Indo-Pacific"). Figure 10.3a shows the changes in real GDP. Positive effects are large for the Indo-Pacific countries but small for the US or even negative for the EU. In terms of per cent changes, India sees the largest increase in real GDP by 8.4 per cent, followed by ASEAN (7.9 per cent), Korea (6.8 per cent), South Asia (6.8 per cent), Sub-Saharan Africa (6.3 per cent), North Africa (6.0 per cent), Taiwan (6.0 per cent), China (4.6 per cent), Japan (4.6 per cent) and Australia and New Zealand (4.0 per cent). In terms of value, the real GDP growth is the largest in China ($0.97 trillion) followed by India ($0.35 trillion), Japan ($0.30 trillion), ASEAN ($0.26 trillion), Sub-Saharan Africa ($0.19 trillion), Korea ($0.13 trillion), North Africa ($0.07 trillion), South Asia ($0.05 trillion), and Taiwan ($0.03 trillion). Compared with the RCEP, the results show that a free trade zone that connects Asia and Africa brings substantial economic gains for the emerging Asian and African countries. We also observe that the economic growth of the emerging Asian and African countries strengthens the growth of other East Asian countries. Particularly, India and China prove to be in a very good position to benefit from this potential growth. With a substantial economic gain from Indo-Pacific, India's real GDP reaches $4.5 trillion.

Figure 10.3b shows the results under the India growth scenario. India's real GDP increased by 8.5 per cent ($0.42 trillion) and

Figure 10.3a: Real GDP changes ($ trillion) in 2030 – Indo-Pacific

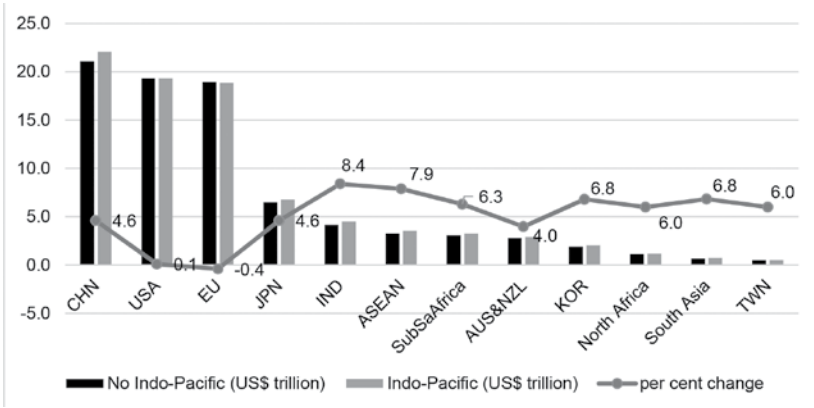
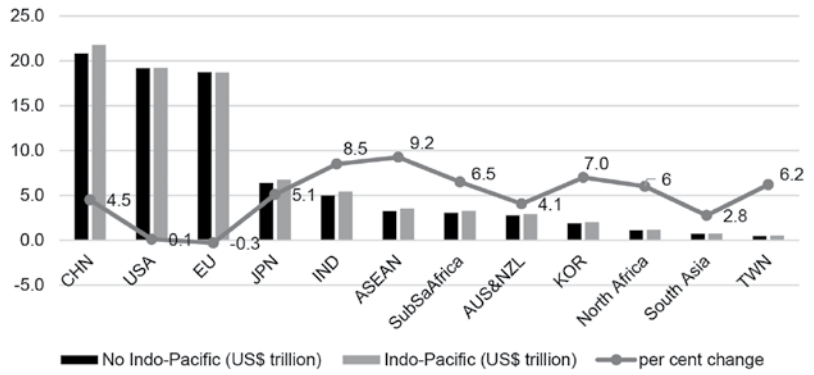


Figure 10.3b: Real GDP changes ($ trillion) in 2030 – Indo-Pacific + India growth



Source: Authors' estimates based on GTAP 9.0.

reaches $5.4 trillion. India's growth brings positive spillover effects for ASEAN (up from 7.9 to 9.2 per cent; $0.30 trillion) and Japan (up from 4.6 to 5.1 per cent; $0.33 trillion) but surprisingly negative spillover effects for South Asia (down from 6.8 to 2.8 per cent; $0.02 trillion). Note that the India growth scenario benefits ASEAN more than India. Details will be explained in the following sectoral analysis.

First, we show the sectoral results for India. Figures 10.4(a) and (b) present the changes in export and import by industry under both

the baseline and India growth scenarios. India's capital-intensive manufacturing exports increase under both scenarios in other manufacturing, chemical, metal, vehicle, electronic and machine. Service exports increase too in transportation & communication, finance and other services. Labour-intensive manufacturing exports do not increase much. Compared with the baseline scenario, agricultural exports in rice, grains and crops, meat and dairy decrease further. This can be explained by two reasons. First, India loses its comparative advantage in agricultural exports vis-à-vis African countries. Second, India's capital-intensive manufacturing and service industries grow further and attract capital and labour from the agricultural sector. Unlike in the RCEP scenario, India's grains and crops exports to South Asia do not increase and thus do not generate positive spillover effects.

Regarding import, India expands its agricultural imports in rice, grains and crops, meat, dairy as its income grows. Demand and thus imports for natural resources in forestry & fishery and extraction expand significantly. Percentage changes in labour-intensive manufacturing imports in processed foods, apparel, textile & wool and leather are large and positive but volumes are small. In terms of volume, capital-intensive manufacturing imports of chemical, metal, vehicle, electronic and machine increase significantly. Service imports in transportation and communication, finance and other services are large but grow moderately. The pattern of changes in import is similar in both the baseline and India growth scenarios.

Next, we will report the results of sectoral exports for other regions, summarised in Table 10.3. In extraction and labour-intensive industries such as textile, apparel and leather. The ASEAN sees a substantial export growth. China experiences a large export growth in textile and wool but a small export growth in apparel. South Asia's export increases significantly in apparel. Sub-Saharan Africa increases primary products exports such as grains and crops, forestry & fishery and extraction. The EU suffers negative export growth in extraction, textile and wool, apparel and leather due to higher price competitiveness in Indo-Pacific countries. In capital-

Figure 10.4a: Sectoral export for India in 2030 (Left axis - $ billion; Right axis – per cent)

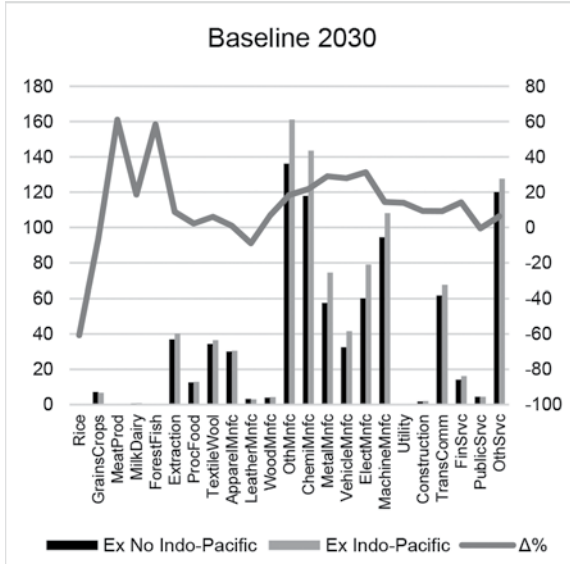
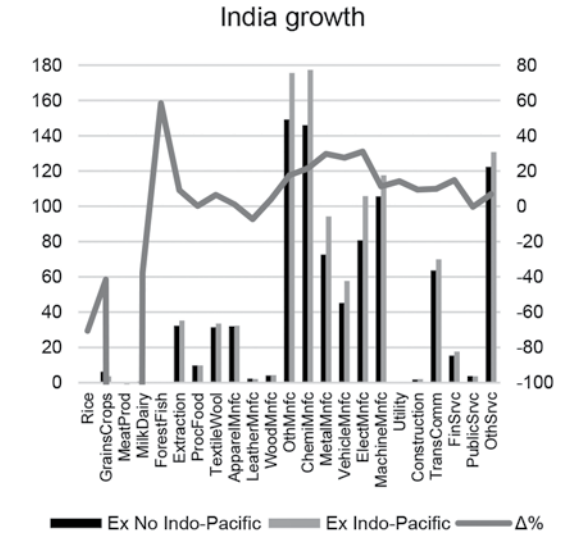


Figure 10.4b: Sectoral import for India in 2030 (Left axis - $ billion; Right axis – per cent)



Source: Authors estimates based on GTAP 9.0.

intensive manufacturing exports, ASEAN and China experience high growth, particularly in chemical, metal, vehicle and electronic manufacturing. Sub-Saharan Africa experiences a large export growth in metal manufacturing and substantial growth in chemical manufacturing. On the other hand, exports of these capital-intensive goods in the US and the EU decrease significantly. Even though Australia and New Zealand's participation in the regional supply chain in the manufacturing industry are limited, as it was the case for RCEP, they increase exports in agricultural goods, extraction and processed foods.

The results illustrate that the Indo-Pacific free trade zone strengthens manufacturing production bases in East Asian countries and also involves South Asia and Sub-Saharan Africa through trade in primary products, light-manufacturing and certain heavy manufacturing industry. Even though the EU and the US do not enjoy any market access improvement to service industry in Indo-Pacific countries, just as in the case of RCEP, they increase service exports in transportation and communication, finance, public and other services due to increasing demand for services as income grows in Indo-Pacific countries. Just as in the case of RCEP, under the India growth scenario, exports in machine manufacturing further increase for the ASEAN, India, Japan, Korea and Taiwan but decrease significantly for China. In machine manufacturing, the ASEAN becomes a production base, which increases intermediate goods imports from Japan, Korean and Taiwan. This suggests restructuring of supply chains in machine manufacturing with a greater contribution of India. Growth in manufacturing exports in general further increases for ASEAN, India and China but decreases for Japan and Korea. The US and the EU see huge negative effects on manufacturing exports. This suggests a shift of manufacturing production bases would further accelerate towards ASEAN, China and India again just as in the case of RCEP.

Conclusion

This article analyses the economic impacts of RCEP and the Indo-Pacific free trade zone in 2030 using a CGE model. We further

Table 10.3. Sectoral export changes caused by Indo-Pacific ($ billion) in 2030

	AUS & NZL		ASEAN		JPN		CHN		KOR		TWN		India		South Asia			SubSa Africa		USA		EU	
		W/IG		W/IG		W/IG		W/IG		W/IG		W/IG		W/IG		W/IG	W/IG		W/IG		W/IG		W/IG
Rice	0.1	0.0	0.24	0.24	-0.00	-0.00	-0.09	-0.09	0.00	0.00	0.00	0.00	-0.19	0.06	0.36	0.41	0.09	0.01	0.02	0.76	1.06	0.93	0.97
GrainsCrops	0.3	0.9	1.46	2.43	0.06	0.20	6.66	11.79	0.28	0.33	0.06	0.05	1.41	10.03	0.34	1.02	0.37	1.91	2.70	3.13	3.54	2.86	3.10
MeatProd	3.1	3.2	0.44	1.42	0.07	0.08	0.10	0.17	0.08	0.08	0.07	0.06	0.00	0.03	0.02	0.08	0.02	0.43	0.59	0.77	0.67	1.09	1.10
MilkDairy	0.8	0.8	-0.46	-0.53	0.41	0.35	0.41	0.46	0.04	0.03	0.22	0.18	0.18	0.84	0.23	0.22	0.05	0.76	0.79	1.75	1.65	1.09	1.03
ForestFish	1.1	1.1	4.31	4.62	0.00	0.00	0.39	0.42	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	1.96	2.37	2.06	0.64	0.55	1.17	1.05
Extraction	4.7	4.1	18.89	20.93	0.16	0.14	0.66	0.71	0.18	0.17	0.01	0.00	2.99	1.68	-0.02	-0.06	-0.33	0.64	0.36	0.74	0.46	-5.23	-7.14
ProcFood	2.8	2.7	3.39	2.83	0.94	0.91	3.05	3.51	2.27	2.23	0.00	-0.01	-0.39	0.10	0.68	0.68	0.05	-0.19	-0.17	0.67	0.71	5.12	4.66
TextileWool	1.5	1.5	8.68	8.99	1.94	1.82	8.15	10.52	6.03	5.81	-1.39	-1.50	-0.00	-1.17	-0.63	-1.98	-0.30	-0.35	-0.31	-0.42	-0.45	-1.27	-1.14
ApparelMnfc	-0.0	-0.0	14.08	15.32	0.16	0.14	4.14	6.12	0.84	0.79	-0.08	-0.10	1.16	0.28	-2.68	-4.18	-1.16	-0.33	-0.32	-0.12	-0.13	-1.10	-1.29
LeatherMnfc	-0.0	-0.0	7.24	7.11	0.09	0.08	1.88	2.82	0.48	0.44	-0.16	-0.16	-0.24	-0.28	-0.13	-0.50	-0.33	-0.24	-0.24	-0.14	-0.15	-1.70	-1.99
WoodMnfc	0.1	0.0	2.49	2.24	0.80	0.65	7.07	7.85	0.66	0.59	0.20	0.10	0.18	0.62	0.00	0.02	-0.03	-0.18	-0.18	0.73	0.53	3.19	1.54
OthMnfc	0.2	0.2	8.18	8.05	2.03	1.95	9.93	9.85	5.95	5.55	-0.57	-0.64	17.72	22.50	-0.02	-0.02	-0.60	-0.40	-0.44	-1.13	-2.18	-4.70	-5.45
ChemiMnfc	-0.1	-0.1	35.64	36.65	14.77	12.30	49.49	50.28	14.61	12.88	-4.72	-5.09	21.52	26.34	-0.28	-0.31	-1.72	-2.10	-2.43	-2.03	-3.80	-12.30	-19.98
MetalMnfc	0.3	1.0	30.00	34.12	29.35	28.77	29.82	33.78	15.85	13.91	-0.69	-0.91	12.65	16.23	-0.42	-1.07	-0.59	-6.55	-6.80	-3.32	-3.37	-10.73	-15.19
VehicleMnfc	-0.0	-0.0	66.14	64.01	1.99	0.38	51.44	53.77	3.10	-2.35	-4.17	-7.32	7.03	9.09	-0.11	-0.13	-0.39	-0.63	-0.69	-4.07	-4.27	-8.91	-10.73
ElectMnfc	-0.2	-0.2	48.92	48.00	10.01	3.83	71.26	73.09	25.69	20.35	-3.34	-4.93	14.75	18.54	-0.36	-0.46	-1.10	-1.38	-1.48	-5.66	-6.50	-20.59	-27.08
MachineMnfc	-0.1	-0.5	9.97	42.92	2.55	15.78	0.88	-17.50	2.04	12.92	0.74	5.62	12.62	9.20	-0.31	-0.21	-0.03	-0.41	-0.43	-0.41	0.25	-1.70	0.81
Utility	-0.0	-0.0	0.09	0.20	0.00	-0.00	-0.09	-0.06	-0.00	-0.00	-0.00	-0.00	0.01	0.01	0.00	0.00	-0.02	-0.07	-0.06	0.28	0.26	1.16	0.97
Construction	-0.0	-0.0	0.69	0.70	-0.10	-0.35	0.42	0.42	0.27	0.07	0.04	0.02	0.14	0.11	-0.02	-0.06	0.00	0.02	0.01	0.27	0.26	2.10	1.68
TransComm	0.3	0.3	12.10	12.15	3.97	2.79	8.72	9.08	3.83	3.39	1.03	0.85	4.68	4.25	0.16	0.12	-0.09	0.40	0.40	5.29	5.59	23.00	24.35
FinSrvc	0.0	0.0	1.27	1.20	-0.09	-0.27	0.47	0.47	-0.01	-0.12	0.27	0.19	1.77	1.72	0.00	-0.01	-0.03	-0.05	-0.07	0.57	0.68	3.68	2.91
PublicSrvc	0.3	0.3	0.21	-0.03	-0.05	-0.19	0.19	0.22	-0.01	-0.09	0.26	0.21	-0.00	-0.07	0.33	0.53	-0.00	0.05	0.02	3.07	2.91	3.62	3.22
OthSrvc	0.2	0.2	3.67	3.73	0.07	-0.30	1.82	1.99	0.04	-0.27	0.55	0.36	6.55	5.37	0.01	-0.01	-0.14	-0.05	-0.07	1.73	2.00	11.49	9.68

Source: Authors' estimates based on GTAP 9.0.

Notes: Right column shows the results under the India growth scenario (W/IG).

divide our analysis into two cases when India improves its infrastructure significantly and when it does not, and see how India's growth may affect regional supply chains. We assume no further trade liberalisation in the US and the EU. India is one of the largest beneficiaries of both RCEP and the Indo-Pacific free trade zone (Indo-Pacific). Its real GDP reaches $4.5 trillion in the baseline scenario under both RCEP and Indo-Pacific and $5.3 trillion under RCEP and $5.4 trillion under Indo-Pacific when we build the India growth into our baseline. Under both the RCEP and the Indo-Pacific, India's exports in capital-intensive manufacturing and service have increased, while its labour-intensive exports do not increase much. India's imports for natural resources and construction materials increase significantly, but its imports for foods and manufacturing industries increase only moderately. In labour-intensive manufacturing, ASEAN has a comparative advantage, particularly in textile, apparel and leather. In capital-intensive manufacturing, ASEAN, China and India achieve a high export growth, while the US and the EU see contractions. This shows that manufacturing production bases will be centred on the ASEAN, China and India, with supply chain participation by Japan and Korea. In machine manufacturing, in particular, ASEAN becomes a production base with a significant increase in export to China, which decreases China's exports, and with an increase in intermediate goods import from Japan, Korean and Taiwan.

While changes in exports and imports caused by RCEP and the Indo-Pacific are similar across most sectors and countries, trade liberalisation in Indo-Pacific brings additional economic gains for both Asian and African countries through supply chain participation of African and South Asian countries. Especially ASEAN, India and China benefit from further liberalisation. For example, Sub-Saharan Africa's exports grow strongly in primary goods and metal manufacturing. Increased supply of price-competitive primary goods strengthens the competitiveness of India's capital-intensive manufacturing exports, which in turn boost India's GDP growth. On the other hand, there are also competition effects across regions not seen in RCEP. For example, India loses its comparative advantage in agricultural exports vis-à-vis African countries. This result in overall

slower GDP growth in South Asia as labour and capital continue to be employed in agricultural sectors, which no longer face competition with India's agricultural exports. In labour-intensive manufacturing, South Asia's comparative advantage emerges. China's exports accelerate in textile and leather but slowdown in apparel while South Asia's exports accelerate in apparel.

Appendix

Table 10.1A: GTAP Database: 13 Regions

	Regions	GTAP 140 regions
1	AUS&NZL	Australia, New Zealand
2	ASEAN	Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam
3	JPN	Japan
4	CHN	China
5	KOR	Korea
6	TWN	Taiwan
7	IND	India
8	South Asia	Bangladesh, Nepal, Pakistan, Sri Lanka
9	North Africa	Egypt, Morocco, Tunisia
10	SubSa Africa	Benin, Burkina Faso, Cameroon, Cote d'Ivoire, Ghana, Guinea, Nigeria, Senegal, Togo, Central Africa, South Central Africa, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Tanzania, Uganda, Zambia, Zimbabwe, Botswana, Namibia, South Africa
11	US	United States
12	EU	Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom, Bulgaria, Croatia, Romania
13	ROW	*Rest of World*

Source: Authors' aggregation based on GTAP 9.0.

Table 10.2A: GTAP Database: 23 Industries

□	Industries	GTAP 57 sectors
1	Rice	Paddy rice; Processed rice
2	GrainsCrops	Wheat, Cereal grains; Vegetables, fruit, nuts; Oil seeds; Sugar cane, sugar beet; Plant-based fibres; Crops
3	MeatProd	Meat: cattle, sheep, goats, horse; Animal products; Meat: cattle, sheep, goats, horse; Meat products
4	Milk Dairy	Raw milk; Dairy products
5	ForestFish	Forestry; Fishing
6	Extraction	Coal; Oil; Gas; Minerals
7	ProcFood	Vegetable oils and fats; Sugar; Food products; Beverages and tobacco products
8	TextileWool	Wool, silk-worm cocoons; Textiles
9	ApparelMnfc	Wearing apparel
10	LeatherMnfc	Leather products
11	WoodMnfc	Wood products; Paper products, publishing
12	OthMnfc	Manufactures
13	ChemiMnfc	Chemical, rubber, plastic prods; Mineral products; Petroleum, coal products
14	MetalMnfc	Ferrous metals; Metals; Metal products
15	VehicleMnfc	Motor vehicles and parts; Transport equipment
16	ElectMnfc	Electronic equipment
17	MachineMnfc	Machinery and equipment
18	Utility	Electricity; Gas manufacture, distribution; Water
19	Construction	Construction
20	TransComm	Trade; Transport; Sea transport; Air transport; Communication
21	FinSrvc	Financial services; Insurance
22	PublicSrvc	Public administration, defence, education and health
23	OtherSrvc	Business services; Recreation and other services; Dwellings

Source: Authors' aggregation based on GTAP 9.0.

Table 10.3A: Import Tariff Rates

□	Primary	Light Manuf	Heavy Manuf	Machine
AUS&NZL	0.2	3.5	1.3	5.3
JPN	3.4	7.3	0.6	0.1
ASEAN	2.4	7.4	3.5	3.4
CHN	1.3	4.4	4.3	6.2
KOR	12.6	15.1	3.6	3.6
TWN	0.8	6.8	1.6	1.6
IND	5.2	13.5	7.9	7.3
South Asia	7.1	15.4	9.8	12.0
North Africa	5.5	16.2	6.3	7.1
SubSa Africa	6.3	16.4	7.2	8.2
US	0.2	5.4	1.1	0.6
EU	0.7	2.0	0.4	0.5

Source: Authors' aggregation based on GTAP 9.0.

Table 10.4A: Non-tariff Barriers for Goods

Regions	Time to import		Total days (NTMs)
	Border compliance (h)	Documentary compliance (h)	
AUS&NZL	37	4	1.7
JPN	78	73	6.3
ASEAN	40	3	1.8
CHN	92	66	6.6
KOR	6	1	0.3
TWN	47	41	3.7
IND	283	61	14.3
South Asia	136	128	11.0
North Africa	186	173	15.0
SubSa Africa	196	110	12.8
US	2	8	0.4
EU	1	1	0.1

Source: Doing Business, World Bank.

Note: The simulation scenarios assume a 40 per cent cut.

Table 10.5A: Non-tariff Barriers for Services

Regions	Construction	TransComm	FinSrvc	OthSrvc	PublicSrvc
AUS&NZL	118.1	41.2	99.7	63.2	74.5
ASEAN	46.4	47.3	87.9	53.1	73.7
JPN	38.4	51.8	100.6	58.8	93.0
CHN	68.0	66.2	109.1	83.5	104.1
KOR	34.6	25.1	91.7	41.3	69.6
TWN	16.1	42.2	33.6	24.8	64.4
IND	77.8	45.8	81.1	40.6	112.9
South Asia	125.1	93.2	117.1	96.5	80.2
North Africa	68.2	49.6	88.9	59.2	43.7
SubSa Africa	84.7	55.2	98.5	90.8	73.2
US	84.4	43.6	58.1	46.9	30.1
EU	38.4	27.6	64.3	26.2	57.4

Source: Fontagné et al. (2016).

Note: The simulation scenarios assume 7 per cent cut.

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11. Indonesia's Rise: With or Without BRICS

Endy Bayuni

The Forgotten Story of Asia's Third-biggest Sibling

In some ways, the story of Indonesia resembles my own of growing up as the youngest of three brothers in the family. Friends and relatives of our parents always asked about the progress of the first and second siblings. No one paid attention to number three. Similarly, all eyes have been fixated on the stories of the rise of China and India, both growing impressively these last 20 years, to help turn this into the Asian Century. No one asked or heard about Indonesia's story.

As the two most populous countries in the world, China and India are proving that having large populations can be a great asset to the economy rather than a burden as conventional belief would have it. Having more people may mean more mouths to feed, but it also means having large workforces ready to contribute productively to the economy and to the gross domestic products (GDP). In times of global economic slowdown, like in 2008, their economies were able to sustain growth, albeit slower, while most others' contracted.[1]

Within the Asian family, Indonesia is like the third distant brother, with a population of 265 million, or about one-sixth of its two big brothers. But, it too has capitalised on its large population size, the fourth largest in the world behind the US. As impressive as Indonesia's growth has been, it is happening on a smaller scale than we have seen in China and India. These three brothers have other developing Asian siblings, but they are even much smaller in terms of population and GDP size. Indonesia's position is odd: Not big enough compared to China and India, but not a minnow either like the others in Asia.

But here is one reason why the world should start paying attention to Indonesia: By most independent predictions, including Standard Chartered[2] and PricewaterhouseCooper,[3] Indonesia will become the fourth-largest economy in the world in the next two decades, if not sooner. Indonesia joined the $1 trillion economy club in 2017, and with a nominal GDP of $1.005 trillion in 2018, IMF places it as 16th largest in the world and 7th in purchasing power parity term.[4] It is rapidly moving up the ranks given its current trajectory. The fourth place in economic ranking would reflect Indonesia's position as the fourth most populous nation on earth, strengthening the argument of a strong correlation between population and the size of the economy.[5]

When Goldman Sachs first came up with the acronym BRIC at the turn of the millennium[6] to describe the group of emerging large economies to watch out for, Indonesia was just recovering from the devastating Asian financial crisis of 1997. Indonesia by far got the worse of the crisis as it also led to the collapse of the military-backed Suharto regime that had ruled the nation for more than three decades. Naturally, it fell off the Goldman Sach's radar screen.

At the start of the millennium, Indonesia was described as an emerging democracy, but not yet an emerging market economy. Something that Goldman Sachs analysts may have missed out is that once Indonesia put in place a more stable and democratic political system, the country began to develop its economy on a more sustainable basis, averaging above five per cent in the 2010s. Like its two large Asian siblings, Indonesia also has been capitalising on the size of its population, registering positive growth rates during the global economic recession in 2008.

The four BRIC countries picked up on Goldman Sachs' idea and their leaders began to hold summits in 2009. Questions rose immediately about BRIC's expansion. The choice of South Africa to join in 2011 was motivated more by political decisions and not so much based on the economic criteria that Goldman Sachs had initially set.[7]

There was little controversy about the decision. The leaders from Brazil, Russia, China and India needed an African country in the group to strengthen their hands as they began to stake their claim to have more

say about the way the world economy is being run, which was for long the domain of the Western economic powers like the US, Japan and Germany. Based on the economic criteria for BRIC as set by Goldman Sachs, Nigeria and its large population would probably have made a better candidate from Africa. However, South Africa got in first.

The question then arises that why was Indonesia, the fourth most populous nation and destined to become one of the largest economies in the world, not chosen to be a member of the BRIC? At the time, most analysts had already seen Indonesia making impressive progress, but thoughts of it becoming the fourth largest economy only emerged a few years later. Although placing another letter "I" into the set of acronyms of BRIC would have sounded strange, Indonesia would have been an awkward choice at any rate because it would make BRIC essentially an Asian-driven group.[8]

Bringing South Africa has transformed BRIC, a financial club whose membership rules were set by Goldman Sachs'analysts, into BRICS, a political club with ambitions to reform the global economic system, whose rules had been drawn up by the rich economies of the West.[9]

Many of BRICS'concerns about the current economic system that favoured the wealthier West nations are shared by Indonesia. President Joko Widodo has been critical of IMF and the World Bank —both products of the 1949 Bretton Woods agreement. In a speech at an Asian-African summit in Jakarta in 2015, Widodo said:"Views stating the world's economy can only be resolved by the World Bank, the IMF and the Asian Development Bank are outdated, and need to be thrown."[10] Indonesia too has lost confidence in the ability of the existing financial institutions to solve many of the global economic problems. Changes are required.

The last twenty years have witnessed the economic rise of Indonesia. Today, Indonesia sees itself as a rising Asian middle power and is determined to play a bigger role in shaping the new global economic order that is fairer to everyone. On this, and on many other economic issues, Indonesia sees eye-to-eye with BRICS members. Indonesia not only has global aspirations to play a bigger role internationally but now it also has the economic and political clout, the voice and the confidence to do so.

Indonesia's track records in international diplomacy, going back to the Asia-Africa Conference in Bandung in 1955, to its leadership role in the ASEAN, give its leaders the confidence to become a global player. The Constitution of Indonesia, written in 1945 when Indonesia became an independent nation, mandates the government take an active part "toward the establishment of a world order based on freedom, perpetual peace and social justice".

Indonesia today is a stable democracy, an important element to ensure that the current growth trajectory continues. In April 2019, the country held its fifth democratic general elections since the fall of Suharto in 1998.

Earlier, it was believed that the countries had to choose either democracy or development. However, Suharto suppressed freedom and people's basic rights for more than 30 years to deliver prosperity to his people, but in the absence of democratic checks and balances, his regime became so corrupt that it bankrupted the nation and brought about its own collapse in 1998. As tempting as it is to go back to the old model of development with its quick fixes, Indonesians through the last five general elections have shunned candidates that propose the old model that favours strong leaders.

Indonesians are comfortable with their freedom and democracy, with their ability to choose and replace their own leaders, with the progress the country has been making in the last two decades, and now with its rising international profile.

Is Indonesia Good Enough for BRICS?

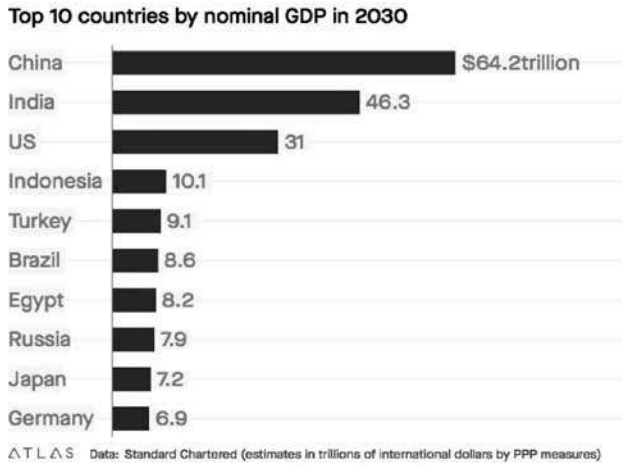
Economically speaking, Indonesia today meets many but not all of the parameters set by Goldman Sachs when its financial analysts picked Brazil, Russia, India and China, hence the term BRIC, at the start of the millennium as the large emerging market economies to watch in the 21st century. But with China and India stealing much of the show in Asia, Indonesia's rise in the last two decades escaped the monitor screens of the analysts, at least until recently.

Now, Indonesia has seen its economic and political profile rising as more and more independent analysts are convinced that

Indonesia will become one of the top five economies in the world, if not by 2030, according to Standard Chartered, then certainly by 2050, according to PricewaterhouseCoopers.

Indonesia joined the Group of 20 largest economies in the world when it held its first summit in Washington in 2008. Its participation is a recognition not only of Indonesia's growing size but also of its potential contribution to the global economy.

Figure 11.1: Top 10 Countries by Nominal GDP in 2030



Source: Standard Chartered.

In 2008, Indonesia along with China and India were the few countries in the world whose economies did not contract during the global financial recession. At the G20 meeting of finance ministers ahead of the summit, Indonesia's finance minister Sri Mulyani Indrawati was seen sharing a few stories, and lessons learned, with her counterparts about how Indonesia came out of the 1997 Asian financial crisis much stronger after going through various bold economic reforms.

In terms of population, admitting the fourth most populous nation on earth would immediately bolster BRICS' size by 265 million from the current 3.06 billion. Since a large population now translates into both market and workforce, Indonesia's participation would give that additional edge to BRICS.

There is a bonus too. Like India, Indonesia has a young population that would fuel even more economic growth rates, cashing in on the promised demographic dividend.[11] The large population will continue to give dividends until 2045 when Indonesia starts to become an ageing society. But, there is a caveat.[12]

The demographic bonus could only be cashed in provided the large workforce is gainfully and productively employed to contribute to the economy.

Indonesia's economic resilience in the past has come from having a large domestic market and a strong agriculture sector. These two factors have helped Indonesia survive the periodic global economic downturns. Economists say given the strong domestic market, Indonesia's economy would still grow by around 4 per cent without exports and investment. Strong export and investment performances would top up that the growth rate.

Figure 11.2: Poverty rates (in millions)

POVERTY RATES (in millions)		
YEAR	TOTAL	% of POPULATION
1998	49.5	24.2
2004	36.15	16.6
2014	28.28	11.25
2018	25.95	9.82

Source: Statistics Indonesia.

Besides maintaining growth averaging five per cent a year, Indonesia has managed to keep inflation low, one of the parameters used by Goldman Sachs when it picked the original four BRIC countries. Annual inflation now averages 3 to 4 per cent, a big come down from the days when the nation struggled to even keep it to a single digit just 15 years ago.

Stable and sustainable growth rates and low inflations in the last 20 years have helped Indonesia to dramatically cut the poverty rate.

In March 2018, the number of people living below the poverty line, defined as those whose monthly spending is below the basic needs, fell to a single digit for the first time in Indonesia's history. The 9.82 per cent poverty rate however still translates to nearly 26 million people.[13]

The overall improvement in the national economy has meant that the government is better positioned to provide basic amenities to the people. On January 1, 2014, President Susilo Bambang Yudhoyono launched the national health care service with a modest start aiming to make it universal within five years. His successor, President Widodo, made it universal as soon as he was inaugurated in October that year, to fulfil his election campaign promise.[14]

Another offshoot of the growing economic prosperity is the rise of Indonesia's middle class with an ever-growing appetite for good life and the capacity to spend. This is happening without putting too much pressure on inflation, although it has added pressures on the rupiah's exchange rate because of the growing imports of consumer goods. Like their peers from China and India, more and more Indonesians are also developing a passion for travel, including foreign vacationing.[15]

Admittedly, Indonesia still has plenty to catch up to make the BRICS grade as laid out by Goldman Sachs analysts.

In international trade, Indonesia's $188 billion worth of exports in 2017 put it 25th in the world. Indonesia is still struggling to shed its status as a major exporter of primary commodities, with its one-time growing manufacturing capacity drastically weakened when Chinese products began flooding the world markets, including Indonesia, at the beginning of the century. Indonesia's main exports in 2017 were coal and palm oil, each accounting for around 10 per cent of the total.

Two other key indicators of where Indonesia stands are the Global Competitiveness Ranking produced by the WEF[16] and the World Banks' Ease of Doing Business Index.[17] On competitiveness,

Indonesia's position dropped to 45th in 2018 from 34th in 2015, while on Ease of Doing Business, it jumped from 120th in 2014, at the start of President Widodo's term, to 72nd in 2017, and dropping one position in 2018.

Figure 11.3: Ease of Doing Business and Global Competitiveness

EASE OF DOING BUSINESS		GLOBAL COMPETITIVENESS	
2	Singapore	2	Singapore
46	China	28	China
73	Indonesia	45	Indonesia
77	India	58	India

Source: World Bank and World Economic Forum, respectively.

One area of concern that could spoil the picture of the rise of Indonesia is education, and therefore the quality of the workforce. Indonesia's low labour productivity, compared to many neighbouring countries, is widely recognised at home and abroad.[18] This is a problem that can be traced back to the poor quality of the national education system. Indonesia's failure to address this problem could mean that it would squander the demographic dividend and condemn the country back to the time when its huge population became a burden rather than an asset to the nation.

Indonesia has Strong Diplomatic Credentials

Predictions about Indonesia becoming one of the world's largest economies in the next two decades may come true and Indonesia would make it among the strongest candidates to join the BRICS. But, size may not be sufficient alone when playing in the big league with Asian giants, China and India. Indonesia must bring something else onto the BRICS table.

What about its diplomatic achievements and track records?

Indonesia boasts three major diplomatic feats of historical proportions. In 1955, an impoverished nation and barely a decade into independence, Indonesia hosted the Asia-Africa International

Conference in Bandung that gave voice to countries just freed from centuries of European colonisation and inspired many others still fighting for their own independence. In 1960, Indonesia joined Yugoslavia, India, Egypt and Ghana in launching the Non-Aligned Movement, offering the world a third alternative to the two powerful blocs in the Cold War contest. In the late 1980s, Indonesia hosted and played a key role in bringing together the conflicting parties in the Cambodian war into the negotiating table which culminated with the signing of the peace agreement in Paris in 1992.

Being another Asian country, however, works against Indonesia's potential membership as BRICS would likely favour countries from other continents to give it a more global posture. It makes more political sense to bring a second African or Latin American nation. And there is Turkey, which has been touted as a potential candidate, given its economic strength and clout in the Middle East.

Lest we forget, BRICS is now a political forum and their combined strengths would give the group greater leverages vis-à-vis developed Western powers in their efforts to reform the global economic system and the world political order. China, which will become the world's largest economy in the coming decade,[19] wants to take BRICS in that direction as it increasingly challenges the US' hegemony, not just in Asia but also in Africa and other parts of the world. Its massive BRI, launched in 2013, will build infrastructures in more than 60 countries stretching all the way to Europe to make them better connected with China.

Indonesia's growing international posture as a middle Asian power adds some credentials that BRICS may want to consider as it is looking to expand its membership.

In the context of the current civilisational dialogues, Indonesia, being the country with the world's largest Muslim population, would be an appealing proposition. This would combine well with India as the world's largest Hindu nation, and Brazil, which has the highest Catholic Christian population in the world.

Putting aside the spate of terrorist attacks in Indonesia, it is widely acknowledged that a moderate and tolerant version of Islam

has evolved in much of Southeast Asia that is distinct from the strict brand of Islam found on its land of origin in the Middle East. As a further testament to this, Indonesia has categorically disproved Samuel Huntington's "Clash of Civilizations" theorem that argues about the incompatibility in the values of Islam with those of Western liberal democracy.

In April 2019, Indonesia held its fifth democratic elections since it ditched dictator Suharto in 1998. That the country has had five presidents, all elected democratically, in the last 20 years shows that the democratic system has functioned well in ensuring regular and peaceful changes in the national leadership. Indonesia's record shines even brighter considering Muslim-majority Arab Spring countries' tragic and brief experience with democracy. Huntington had overlooked Indonesia when he compared the values in Western and Islamic civilisations. The literature on Indonesia would today describe it as the third-largest democracy in the world after India and the US.

Indonesia has token participation in the Organisation of Islamic Cooperation (OIC), the largest representation of Muslim-majority countries in the world since its agenda is dominated by oil-rich Saudi Arabia. OIC hardly offers Indonesia the chance to exercise its growing clout and influence, even though by all accounts, it is the largest member in terms of population and now ranked among the wealthiest in terms of GDP.

Indonesia has instead chosen the ASEAN, a 10-member organisation, as the main tool to conduct its international diplomacy. The ASEAN, as Indonesian diplomats would tirelessly remind you, "is the cornerstone of Indonesia's foreign policy."[520]

Founded in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand, the ASEAN has grown to become one of the most successful regional organisations in the world. Its membership has since been bolstered by the rest of the Southeast Asian countries Brunei, Cambodia, Laos, Vietnam and Myanmar. Timor-Leste (formerly East Timor under Indonesia's occupation) is the only country in Southeast Asia proper that is not a member. For now, it has observer status.

Internally, the ASEAN's biggest achievement is in turning

Southeast Asia, a zone for the proxy wars waged between the major Cold War players, into a region of peace and stability that allowed its members to forge with economic development and hence strengthen the prosperity of their peoples. Externally, the ASEAN gives its members a strong collective voice at the UN and other forums on issues they are united upon. If Brussels is the capital of the EU, Jakarta is rapidly turning into the ASEAN capital as it hosts the group's expanding secretariat.

The annual meeting of ASEAN foreign ministers has expanded as it now hosts ministers from its major trading partners, including China, India, Japan, the US, Russia and the EU. ARF, which is held back-to-back with these foreign ministers' meetings, is one of the few forums outside the UN that see foreign ministers of all the big powers gathered together to discuss security issues.[21]

ASEAN had a hand in launching of the APEC forum in 1989. Although it was an Australian initiative, APEC members agreed that the ASEAN hosts the annual summit every other year. In 2005, the ASEAN launched EAS, an annual event that brings together leaders, initially from all 10 ASEAN member states and those of China, Japan, South Korea, Australia, New Zealand and India, and later expanded to include the US and Russia.

Although ASEAN countries take a turn each year in chairing the association, Indonesia, is the largest member, has taken many of the major initiatives, including when it decided to expand its membership. Decisions are collective and based on consensus, but Indonesia's leadership and influence are apparent in most of them.

At its 2003 summit on Indonesia's holiday island of Bali, the ASEAN made the bold decision to turn itself into a full-fledged organisation, complete with its own charter. The ASEAN declared itself a community in 2016 although it is still some way away from becoming a community in the real sense of the word. Indonesia saw in 2003 that the economic rise of China and India would soon dwarf other Asian countries. The so-called Asian economic tigers – Singapore, Thailand and Malaysia – would lose their claws. The ASEAN community, with a combined population of 600 million people, would still not match the one billion overpopulation in

both China and India, but the ASEAN economic community and their collective voice give members a better chance of surviving the growing competition posed by the two emerging giants.[22]

Indonesia declined invitations to join TPP, a trading bloc initiated by the US although President Donald Trump later pulled out of the deal. Indonesia puts its faith instead on RCEP, which involves the 10 ASEAN countries with China, Japan, South Korea, Australia, New Zealand and India. Negotiations over RCEP are expected to complete in 2019. TPP was launched, without the US, in 2018.

Indonesia's latest bold initiative in the ASEAN is drafting its own Indo-Pacific concept in 2018, competing with proposals already on the table from the US, Japan, Australia and India. Indonesia's concept differs from the earlier ones as it includes rather than excludes China, a key point neglected by other proposals more concerned about containing the rise of China. Indonesia has its national interests in coming up with own initiative, as it and Australia are the only two countries that straddle both oceans. Under President Widodo, Indonesia, the largest archipelagic country in the world, is bidding to become a maritime power. Another salient point in the Indonesian Indo-Pacific concept proposal is the ASEAN centrality, which already proved to be effective in the ARF, the APEC and EAS. At their summit in June 2019, ASEAN leaders endorsed the AOIP, the draft of which was submitted by Indonesia just 10 months before.[23]

Indonesia does not always depend on the ASEAN on everything it does, as shown by the initiatives it has taken at IORA. Founded in 1997, the 22-nation IORA has been a low key organisation until Indonesia called the group's inaugural summit in Jakarta during its chairmanship in 2017.

Indonesia's skill in diplomacy as an aspiring middle power is now being put to the test during its tenure as a non-permanent member of the UNSC in 2019-2020.

One big question mark about Indonesia joining BRICS, even if the chance is given, is that Indonesia in the meantime has formed a similar grouping with other mid-sized economies. In 2013, Mexico, Indonesia, South Korea, Turkey and Australia founded MIKTA, a platform for consultation and coordination for their

economies. Similar to BRICS, though on a smaller scale, MIKTA lets members punch above individual weights by combining their efforts. But the fact that Indonesia did not take many initiatives while it chaired MIKTA in 2018 is indicative it is not a priority at this stage.

That also raises the question of whether Indonesia is interested in joining BRICS.

Conclusion: Should Indonesia be in BRICS? Does it want to?

Indonesia's growing strength and size, and its diplomatic track records, make it among the strongest candidates for BRICS membership. There had been some unofficial approaches by BRICS representatives about the possibility of Indonesia joining, but presumably, Indonesia is not the only one being considered.[24] Nothing official has been announced, either from BRICS about opening its membership or from Indonesia if it has any interest in joining at all.

There are still question marks about the effectiveness of BRICS in pushing for reforms of the global economic system, and how far they really want to push this. BRICS countries have grown to their current size in large part thanks to the open market economic system. As the West, including the US, become more protectionist, China appears to have taken the baton of the globalisation and the free market capitalist system, at least that was the message President Xi Jinping conveyed in his address at WEF, Davos, in 2017.[25] Since China owes its rise to the free and open trading system designed by the West, why would it want to reform it?

There are also questions now about the sustainability of the growth rates of some BRICS members, particularly Brazil, Russia and South Africa. The two Asian giants are the only BRICS members whose economies are still delivering significant growth rates.[26] BRICS members must address their individual problems to be able to return to the steady growth path before the group can move forward. Opening up to new members is not likely to happen anytime soon.

BRICS needs to explain how an expansion would help its cause, and what are the requirements that new members have to fulfil

before they get accepted. There are the economic parameters as set by Goldman Sachs, and there are the political factors that current members want to impose. What do they expect from Indonesia's participation in the group?

Even if Indonesia makes the strongest candidate, it is hard to envisage Indonesia being the only country accepted in the first round as that would make BRICS too Asian driven. It makes more sense for a third Asian country to join if BRICS expand to become a 10-member group.

On the Indonesian side, it needs to ask itself if it fully shares BRICS'goals and objectives, and what benefits would it gain by signing up.

The question of Indonesia joining BRICS has never been discussed in public, indicating that there is little interest in the issue. Most discussion is confined to financial analysts who are making comparisons of all the emerging market economies and identify where the next actions are. Now that Indonesia is touted to become one of the largest economies in the world, some financial analysts are wondering why Indonesia isn't in BRICS.

Indonesia is doing fine in making its voice heard primarily through the collective voice of the ASEAN, and individually through the G-20, the APEC, RCEP (if and when it is signed) and now MIKTA. Unless there are a clear purpose and objective that serves Indonesia's national interests, joining BRICS would simply add another item in the alphabet soups.

For now, and the foreseeable future, Indonesia's membership in BRICS is more an academic exercise. But Indonesia's rise is almost a certainty, with or without BRICS

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12. China's BRICS Vision and the Asian Order

Hu Xiaowen

Introduction

When the concept of BRICS was created in 2001 by Jim O'Neill, Chief Economist of Goldman Sachs, it initially endowed BRICS a sub-government characteristic. BRICS, then an official mechanism for economic cooperation, has expanded its functions from an economic-centric dialogue to a pragmatic and comprehensive mechanism and has become an important multi-national cooperation today.

BRICS is important as it includes the main driving forces of global economic development and promotes the "inclusive improvement" of the current global governance system. With the establishment of the BRICS Development Bank – NDB – and the Contingent Reserve Arrangement (CRA) with around $100 billion as start-up fund, the institutionalisation and maturity of BRICS cooperation have grown. This has helped BRICS legitimises its rise as it seeks to further promote international and regional cooperation.

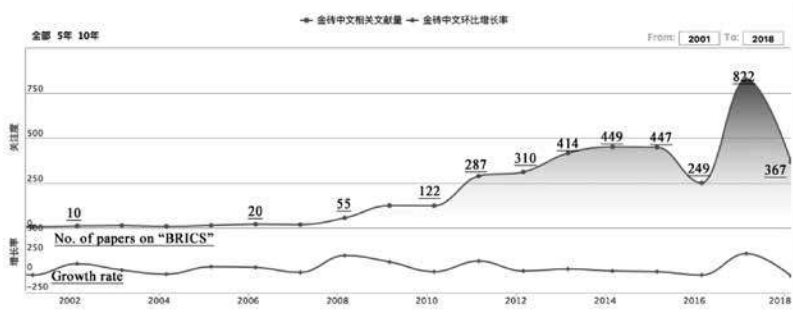
China's Main Focuses on BRICS

From China's perspective, the BRICS does not aim to challenge the current international regime, instead its objective is to adjust the international regime in a non-confrontational way. BRICS is trying to reform the system of governance gradually in the context of accepting the existing rules. Furthermore, BRICS aims to forge a bigger global voice on economic issues for the group. It is necessary for BRICS to build up an institutional framework based on mutual cooperation and urge the existing international institutions to make changes favouring the emerging economies. Thus, it can be

understood that the BRICS cooperation mechanism is a useful supplement to the existing international regime, and helpful to drive Asia towards multipolar world order.

The following is a specific analysis of China's focus on the "BRICS" issue. Overall, the research on BRICS in China has increased year-by-year since 2008. The number of papers on BRICS in academic journals has increased from 55 in 2008 to 447 in 2015 (see Figure 12.1), and the number of articles has dropped slightly in 2016. But, with the 2017 BRICS summit held in Xiamen, China, the number of articles has soared to 822.

Figure 12.1: Number of Papers Published in Academic Journals on "BRICS": 2001-2018



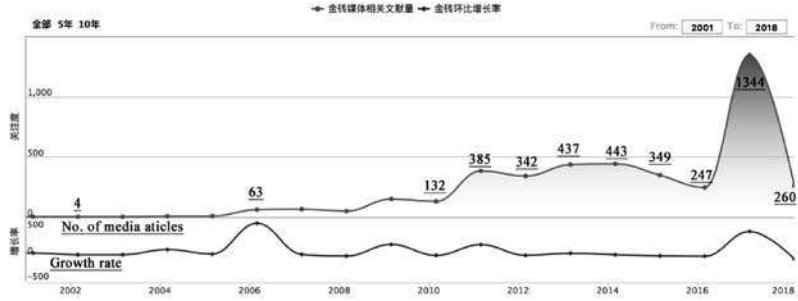
Source: Produced by CNKI Database, http://epub.cnki.net/kns/brief/default_result.aspx, with inputting the keyword as 金砖"(BRICS).

The same trend occurred in media articles (see Figure 12.2), with 132 published in 2010 and then growing year by year, soaring to 1344 in 2017, but overall, the number of BRICS media articles remained at around 300 to 400 per year.

The citation rate of papers in academic journals on "BRICS" has also been increasing year-by-year. However, the citation rate shows a relatively stable trend of growth after 2010. This shows that the influence of the topic of "BRICS" is also increasing year-by-year.

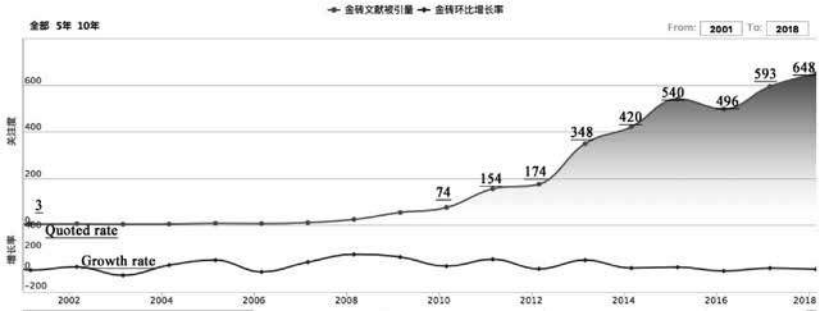
The following figure shows the journal literature on "BRICS Economy". Similarly, the literature on this topic has been increasing year-by-year since 2010. The discussion on BRICS economy is also the focus of Chinese scholars.

Figure 12.2: Number of Papers Published in Media on "BRICS": 2001-2018



Source: Produced by CNKI Database, http://epub.cnki.net/kns/brief/default_result.aspx, with inputting the keyword as "金砖" (BRICS).

Figure 12.3: Quoted Rate in Academic Journals on "BRICS": 2001-2018

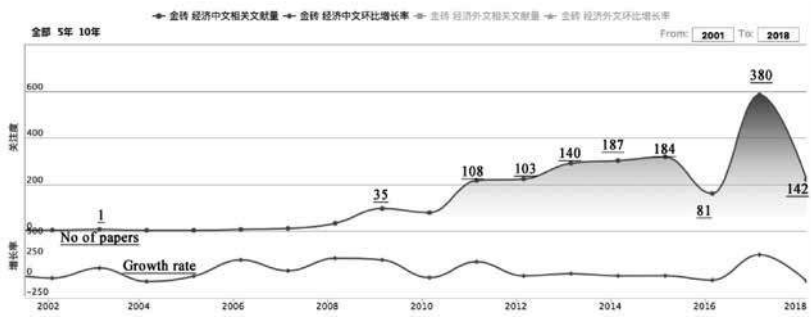


Source: Produced by CNKI Database, http://epub.cnki.net/kns/brief/default_result.aspx, with inputting the keyword as "金砖" (BRICS).

From the perspective of the topics, the focus of China vis-à-vis BRICS are summed up as the following:

Emerging Economies: The Chinese government and experts prefer to use the term "Emerging Economies" to describe BRICS countries. BRICS has become the driving force of the world economy.[1] It was highlighted that from 2001 to 2010, the import and export of goods sustained rapid growth in BRICS countries, and the speed with which they grew was much higher than the global average. However, BRICS economic development still depends on the

Figure 12.4: Number of Papers Published in Academic Journals on "BRICS Economy": 2001-2018



Source: Produced by CNKI Database, http://epub.cnki.net/kns/brief/default_result.aspx, with inputting the keyword as "金砖经济" (BRICS Economy).

markets of developed countries, and the trade volume among BRICS is very small.[2] Although the capabilities of BRICS on attracting FDI are increasing, its foreign investment is relatively low.

International Order: With the power transition underway and the development of multipolarisation, the economic gravity is inclined to emerging economies. There are three groups competing in the world; one is "the old power vs. the new power", which refers to the competition between the US, the EU, Japan and the emerging powers; the second group is G7 versus BRICS; the last one is competition among North America, Europe and Asia. The raising of the BRICS will push the change of international order.[3] With the development of the emerging economies, the developed countries, especially G7, confront the problems of "rationality" and "effectiveness". However, it is also difficult for them to manage the world economy effectively without the participation of BRICS.[4] Hence, BRICS, along with G20, plays an important role in reshaping the world economic order and reforming its economic regimes.[5]

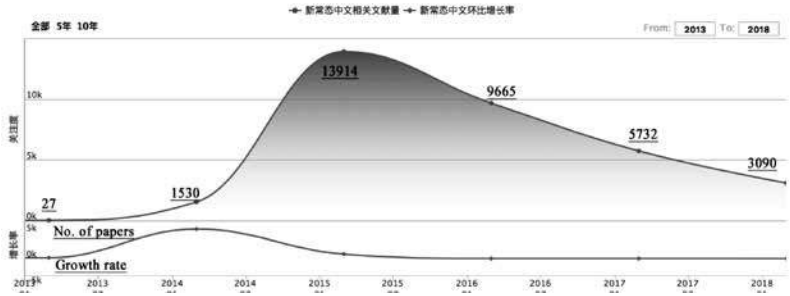
Intra-BRICS Economic Relations: It is widely argued by Chinese scholars that BRICS countries have strong economic complementarities and commonalities. The countries of the group aim to expand foreign trade, intra-BRICS trade, promote trade liberalisation, reform the international monetary system and acquire positions of influence on the globe. BRICS countries, except Russia,

face the problem of increasing foreign capital inflows which may lead to inflation and asset bubble. However, the competition among the BRICS nations cannot be denied. First, trading dispute and contention related to commodity pricing are intense, especially in the manufacturing goods industry and resources industry such as oil, natural gas and iron ore. Second, argument on RMB exchange rate has never reached a consensus after India and Brazil demanded appreciation of RMB. To this, the Chinese experts argue that instead of blaming China, it will prove more useful for BRICS members to work together and set restrictive fiscal and monetary policies towards maintaining economic stability.[6] Third, the economic growth impetus in BRICS countries differs from country to country. In BRICS, all countries, except Brazil, have high investment rate; and the economic development of China and India appears to be highly dependent on foreign investment.[7] Also, BRICS nations, except Brazil, have the problem of under-consumption in terms of the world's average consumption rate. India is 15 per cent lower, Russia is 12 per cent lower and China remains 30 per cent lower than the global average.[8]

"New Normal" and BRICS: Since Chinese President Xi coined the conception of "New Normal", writings on this subject have multiplied (see Figure 12.5). According to the CNKI database, the academic trends of the articles on New Normal have significantly increased. Between 2010 and 2013, the number of writings was less than 30, which jumped to 1,530 in 2014; and in 2015, this number rose to 13,914. Since 2015, this number has declined year-by-year. However, the number of articles still reached 3090 by 2018. Think-tanks are increasingly involved in explaining the New Normal status of the Chinese Economy. Experts point out that China's New Normal represents the feature of China's current economic development. "New" indicates present, which is different from the past development features. "Normal" means China's economic development has entered a stable stage, which is different from the fast-economic growth period over the last three decades.[9] Similar to the Chinese, New Normal state has happened in Europe, the US, Japan and South Korea successively as well. Under New Normal,

the Chinese economic structure has adjusted to the structural and global realities with an increasing focus on boosting domestic demand, regional inequalities and in loosening the state control on macroeconomic features.[10]

Figure 12.5: The Academic Trends on New Normal: 2013-2018



Source: Produced by CNKI Database, http://epub.cnki.net/kns/brief/default_result.aspx, with inputting the keyword as 新常态经济" (New Normal Economy).

Not only China, but all BRICS countries are also facing an issue of the New Normal. The economic developments in all BRICS countries are declining. India, for example, has proposed a new round of economic reform. South Africa and Brazil face the problem of distortions of economic structure such as excessive reliance on natural resources, weak infrastructure etc. It is, therefore, argued that China should play a key role in bringing together other BRICS countries in order to reform the international economic architecture.[11] China is a major advocate of IMF re-organisation. With the IMF quota system was reformed in 2010, the BRICS states only have 13 per cent voting rights in this forum, despite producing half of the global economic growth in 2011.[12] In January 2016, the IMF 2010 quota reform finally went into effect. China's voting rights has risen to 6 per cent from 3.8 per cent, and IMF resources will double to about $660 billion. China became the third-largest member in IMF – with Brazil, India and Russia entering the list of top-10 members. China's Central Bank commented that the reform "will improve the representation and voice of emerging markets and developing countries in the IMF, and is conducive to protecting IMF's credibility,

legitimacy and effectiveness". For a long period of time, the IMF 2010 Reform had not been passed by the US Congress. From the perspective of Chinese think-tank experts, the previous IMF quota formula did not reflect the growth of economic power in developing countries, and inversely exaggerated the relative economic positions of developed countries.[13] After China successfully established the AIIB, IMF received major criticism leading to its announcement of 2010 reforms.[14] The reforms began by giving an increasing share of voting rights among the developing countries. A research report by the China International Economic and Exchange Centre (CCIEE) suggests that China should recognise its role in the reform of the international monetary system. They further argue that China cannot create a new system or pursue its interests within the system; rather, it should aim for stabilising IMF by including RMB in the Special Drawing Rights and also through internationalisation of RMB.[15] The Chinese President Xi Jinping, in the press conference after the 2016 G20 summit, has mentioned that China agrees to continue with further reforms of IMF, and supports a complete realisation of the 2010 reform package. China aims to achieve equality in terms of voting rights and increase the representation and participation of developing countries.

China's Efforts on Promoting the BRICS

Over the years, China has made several efforts to promote the development of BRICS:

First, to provide the rationale for the establishment and growth of BRICS, so that it fits itself within the status-quo and is acknowledged by the developed countries. As far as the function of BRICS is concerned, the core issue in the eyes of Chinese think-tanks is the relations between the BRICS – the representative of emerging powers – and the current global financial institutions, which is a reflection of the post-World War II power structure. They provide a somehow contradictory but realist mission for BRICS: an evolutionary but not a revolutionist system; that is to say, it will make amendments and reforms to the current system rather than revise the system and build a new one. Due to the increase in the

share of BRICS in the world economy, the objective is currently viewed as legitimate and useful for the world.

It is widely understood in China that until today, BRICS has formed the initial institutional cooperation framework which includes foreign minister, finance ministers, central bank governors, coordinators and resident envoys as the basis and think-tanks forms the supplement.[16] Under this framework, BRICS should emphasise on comprehensive cooperation in various fields and establish a new partnership among member countries. It is important to strengthen the inclusive relationship between BRICS countries and other developing as well as developed countries. It is repeatedly claimed and suggested by the Chinese think-tanks that BRICS countries do not aim to challenge the current international regime; instead, its objective is to adjust the international system in a non-confrontational way. BRICS is, therefore, seeking to reform the governance system gradually in the context of accepting the existing rules. Furthermore, BRICS aims to forge a bigger global voice on economic issues for the group.[17] It is necessary for BRICS to build up an institutional framework based on cooperation and urge the existing international institutions to make changes in the favour of emerging economies. Thus, it can be understood that the BRICS cooperation mechanism is a useful supplement to the existing international regime.[18]

Secondly, to actively promote the growing significance of BRICS in the international system and provide an explanation for the slowing world economy in recent years. From China's view, Western countries have complex feelings about the transformation of the international system. On one hand, they worry about the potential challenges from BRICS countries and on the other hand, they feel complacent about dominating the international order for several decades. Therefore, they are often pessimistic about the BRICS cooperation and tend to exaggerate the negative aspects of it. They belittle the burgeoning entity of BRICS and describe it as a challenger to current international order. The Western writings about BRICS, too, are couched in negative connotation, predicting a heightened risk of conflict in the international system.[19] Being an easy target of Western media and critics, China is cautious to criticise and

downplay BRICS, and therefore, try to defend the importance of BRICS from the perspective of long-term development. The decrease of growth rate for BRICS countries after 2008 economic crisis does not prevent BRICS to be more vibrant. It provides an opportunity for BRICS to increase cooperation and institutional building for the sake of faster economic development. Experts from Chinese think-tanks point out that the economies of BRICS countries have grown fast over the years. However, the depth of structural reforms has been neglected, which may adversely influence the long-term economic development. Nevertheless, their cooperation on finance and economics are getting deeper and more pragmatic and has expanded to the security domain. The establishment of NDB and CRA with around $100 billion as start-up fund conveys a very strong signal to the world: that the institutionalisation and maturity of BRICS cooperation are growing. The "contingency arrangements" is helpful to resist the potential instability caused by the US' gradual withdrawal from Monetary Easing Policy; at the same time, it can prevent the negative impacts of New Normal policy adopted by the developing countries. Thus, the above perspectives in China provide an alternative perception of BRICS, which justifies its formation as a vehicle to promote international cooperation on key issues.

Thirdly, to provide a roadmap for the future of BRICS. There are various levels of economic complementarities among BRICS countries. It is described as the getting together of "World Factory" (China), the "World Raw Material Base" (Brazil), "World Gas Station" (Russia) and "World Office" (India); and their strengths in terms of industry, resource and marketing.[20] Some experts suggest developing the "BRICS Spirit" in the form of the following: open development, collaborative development, inclusive development and innovation development. The most important factor which decides BRICS' influence is its strategic coordination among the countries rather than on economic factors. Thus, the strategic influence of BRICS as a group depends upon the extent to which the BRICS Spirit can effectively be used for coordinating various positions among BRICS countries on the key issues of governance.[21] To provide suggestions on think-tank cooperation in BRICS and for the development of

BRICS in the long run, experts point to the fact that it is necessary to strengthen non-government communications, especially people-to-people communication. It is suggested that an experts' group should be established, which will oversee doing research on BRCIS, setting agenda for the annual cooperation and evaluating the cooperation results. Furthermore, BRICS can take the experience from PECC and CSCAP and set up national committees of officials, enterprises and scholars, before it is officially established.[22] The BRICS cooperation should be developed in an inclusive manner to intensify institutional innovation and make full use of the institutional advantages, and also integrate the local government, enterprises, media, universities and think-tanks, and make them the effective pillars of the BRICS cooperation.[23]

Role of China in Asia Order

The Asian Order is an order between the domestic order and the international order. It is the connection and structure of the regional system. In the contemporary era, regional order has various manifestations, such as the military alliance, the multilateral network composed of various bilateral arrangements, and even the regional "economic community" and the regional "security community." The following is an analysis of China's role in the construction of Asia Order from the aspects of economy, security, and diplomacy.

Economy

China's influence on the Asian Order is primarily reflected in China's influence in the economic field. China's advantages in foreign exchange reserves, export capacity, attracting foreign investment and the domestic market, and the outstanding performances of China's manufacturing and Chinese investment have accumulated a large amount of international economic influence in Asia.[24] However, China and its neighbouring countries are unequal in economic trade, the trade network has a relatively obvious "core-peripheral" structure, that is, China has a dominant position in the surrounding trade network, and its economic influence is rising. At the same time, through the participation of the Chiang Mai Initiative

Multilateralisation Agreement, the establishment of SRF, AIIB, etc., China's economic share in the Asian region continues to rise, its connection with neighbouring countries in the industrial chain is increasingly enhanced. All these efforts have greatly enhanced China's economic engine status in Asia.[25]

Under the framework of BRICS, both China and India are the engines of economic development in Asia. China has maintained a trade surplus with India for many years. China is India's largest trading partner and has a greater influence on the economy in Asia. However, in recent years, India's economic growth rate has surpassed that of China. India's huge market and economic development potential make it impossible for China to become the dominant economic entity in Asia. Meanwhile, ASEAN's economy is also booming. The US, India, and Japan have all taken the initiative to establish partnerships with ASEAN countries and promoted a series of regional cooperation mechanisms to try to exclude China from regional governance, such as the Sub-Mekong Initiative, the US-ASEAN Summit, BIMSTEC, etc. These signs show that China's ability to lead neighbouring countries does not match its national strength. It is still difficult to dominate regional governance mechanisms for China, not only in military security areas where its hold is weak but also in economic sectors where it holds an advantageous position.

Security and Diplomacy

Although China has made great achievements in the economy and it has become the largest trading partner of most Asian countries, the Asian region still has a dual pattern of "economic dependence on China and security on the United States".[26] As the strategic ally of the US in South Asia, India will inevitably assume the role of curbing China's "dominance" in Asia. At the same time, under the leadership of Modi, India has carried out all-round diplomacy in recent years. Modi has not only achieved stability in diplomatic relations with all major powers but also expanded the diplomatic influence in many aspects. Therefore, in terms of politics and diplomacy, China will form a co-existence with India in Asia.

Soft Power

In addition to economic factors, the maintenance and development of the Asian Order are based on more dimensions, such as the establishment of various norms in Asia. David Shambaugh believes that there is a "Normative Community Model" in the Asian Order, which looks at Asia's development from the perspective of soft power, that is, how countries deal with bilateral relations, prevent and resolve regional conflicts, oppose international terrorism, strengthen international cooperation, etc. These new regional norms will enhance the sense of collective identity in the Asian region.[27]

Although China actively advocates the establishment of new types of relations between major powers and actively promotes the construction of regional mechanisms, many scholars still believe that China's ability to participate in the agenda-setting of Asian regional organisations is still weak. Compared with India and South Korea, China does not have too many advantages,[28] which is inconsistent with China's 1.4 billion population base and national strength. China's "soft power" in international public opinion is also insufficient. In the current and future construction of the Asian Order, China still needs to work hard on enhancing its soft power.

Conclusion

China once exported its ideology to Southeast Asian countries and had boundary disputes, diplomatic conflicts, and even military confrontations with neighbouring countries. However, China's exports to these countries are no longer limited to ideology and military weapons, instead, they include goods and services as well. As David Shambaugh commented, anyone who has read the history of China knows that even when China's strength far exceeds that of neighbouring countries, China does not seek to become a regional hegemon like Germany, but forms a kind of economically common-interest and safety relationship with the neighbouring countries.[29]

Seeking regional hegemony or replacing the US as the new hegemon of Asia is not China's strategy and policy. Therefore, China is not a challenger to the existing order in Asia. China has always criticised the irrationality and injustice of the regional order centred

on the US and the containment and prevention of the peaceful development of China by the US-Japan alliance. China does not want to see the maintenance and continuation of this regional order. Therefore, China is not in favour of the maintenance of the status quo in the Asian region.

The new Asian Order does not primarily exclude "non-regional countries". It is a community of interests and destiny formed by Asian countries to solve their own regional problems. In the foreseeable future, at the Asian level, it is difficult to see a pluralistic community like Europe, but at the sub-regional level in Asia, a deeper multilateral community is developing. The current sub-regional cooperation between the "ASEAN" and the "East Asian Community", Central Asia, South Asia and Northeast Asia will continue to explore effective ways of cooperation in practice. Asia is increasingly becoming the web of sub-regional integration of integrated sub-regions,[30] laying the foundation for the future "Asian Community". By promoting Asian multilateralism and regionalism, China can play a major role in shaping the order of the Asian region with regional integration as its goal.

Disclaimer: Some parts of this article has been published in another volume before, however, data in this chapter has been updated and new contents has also been added, the overall theme of this chapter is different from the previous one.

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13. The Russian Vision of BRICS in the Context of a Multipolar Order in Asia

Elena Boykova

Introduction

The creation of BRIC in 2006 on the initiative of Russia, and then turning it into BRICS in 2011, became one of the most significant geopolitical events in the beginning of the 21st century. BRICS was founded as an international association outside the orbit of the US influence. This inter-country group, consolidating five most important world economies, within a short space of time managed to become a factor that has a serious impact on the world economic and political life. The total power of the BRICS countries in the global economic, political, and military fields, as well as in the security sphere, largely determines their influence and authority in world affairs.

The main goal of BRICS is to facilitate the transition from the unipolar Pax Americana to a multipolar world pattern in international relations by increasing subjectivity of the BRICS countries.

The BRICS association was born as an informal economic club of developing countries. Initially, this association was a purely advisory body. Later, it expanded the scope of its activities. Currently, BRICS represents 26 per cent of the territory of the Earth, 42 per cent of the population of the world and 27 per cent of the global GDP. BRICS was created with the aim to carry out the even greater activity on international markets, to control a part of the global economy. At the same time, the specificity of the association is that it does not involve the coordination of economic policies between the participating countries; these countries do not form an economic

block or a trade association. BRICS is a kind of a new economic formation – the unification of a few states on the basis of common principles and interests.

Currently, BRICS represents itself as a dialogue format that provides its participating countries with an opportunity to cooperate while maintaining "wild latitude". The question of turning BRICS into a political union or an economic organisation is not considered yet.

BRICS combines both traditional elements of an international organisation – regular summits and various meetings on high level, etc. – and elements of a club – lack of membership and charter, etc. BRICS is an informal association, which operates primarily based on bilateral rather than multilateral relations. Nevertheless, the qualitative evolution of BRICS is planned – its gradual transformation from the dialogue mechanism into the mechanism of coordination of the positions of participating countries, i.e. institutionalisation of their interaction.

The club is not formalised as an international organisation, but it is gradually transforming from a discussion platform into an unofficial political and economic alliance of the states united by a common understanding of the problems of world development[1]. Creation of a clear unified structure is complicated, besides the reasons of subjective nature, by objective circumstances, such as different cultures, different national interests, civilisational differences. Despite this, the five states that are different in their cultural and civilisational characteristics build their relations on the principles of equality, strict consideration of interests of each other, mutual respect and openness to the outside world. At the same time, BRICS is regarded as an association that has a multinational and multicultural character.

BRICS is essentially a new form of association of countries, which allow in the non-bloc format to pose and solve actual problems of our time. The BRICS countries treat each other with sympathy and trust, which allows them to speak together on various issues in different fields of cooperation.

Russia regards this association as an important platform for discussing international politics and world economy and considers

its clear cut ascendancy in the world as one of its important goals. The President of the Russian Federation, Vladimir Putin, has repeatedly emphasised that the BRICS countries do not seek to create a military-political alliance.

At the same time, BRICS is more than just an association of several countries. This is a platform for communication, where it is possible to gather politicians, specialists in different fields, public figures, representatives of young people, etc. This is an international dialogue of the participating countries as a tool for strategic planning. The BRICS framework is wider than the framework of an international organisation. This is an international platform, the goal of which is to consolidate forces and organise joint activities.

Relations between the BRICS partners are built based on the UN Charter, generally accepted principles and norms of international law, as well as such principles as openness, pragmatism, solidarity, non-bloc nature, non-directionality against third parties.

The opinion voiced by the Chairman of the Board of the Russian National Committee on BRICS Research, Vyacheslav Nikonov, in his speech at the State Duma of the Russian Federation on June 9, 2015, is quite eloquent: "The Five is a manifestation of an irreversible trend in shifting the centre of power of the modern world from the West to the East, from the North to the South, from developed countries to developing ones. BRICS is not just a special club of interests, it is a community of values that maintains multipolarity, multiplicity of development models, cultural and other diversity of the world, right of peoples to independently choose their own destiny. BRICS is a value of international law against the policy of unilateral actions in international relations, increasing the role of the UN and its Security Council".[2]

BRICS is essentially a new approach to reforming the system of world regulation, which in the future could turn into a pole of political influence. The association is free from geopolitical ambitions and imposing its social models and standards.

What unites the BRICS countries? This is, first, a new vision of world process, free from unipolar approach, solidarity and support in upholding national interests of each of the countries of the

association, joint initiatives on the global stage, development of new solutions. The five members of the association try in every way to strengthen their association through cooperation. BRICS countries are working on the formation of a kind of a new base of the world economic system.

It is fundamentally important that the BRICS countries demonstrate mainly their unity in foreign policy and economic approaches to various problems of our time. According to Russian analysts, "the BRICS strategy is non-confrontational, but comprehensive and fundamentally different from the current system under the control of the West".[3]

It can be said that BRICS is a unique alliance in the contemporary world. It is a developing structure with growing economic opportunities. An important practical result of the interaction of the BRICS countries has become creation of NDB, the purpose of which is to finance infrastructure and sustainable development projects in BRICS states and developing countries. This is not only strong financial support for the association but also evidence of its growing profile in the global economy and finances. By creating a world bank, BRICS has made an important step towards transforming or modern regulating the global political and economic system in order to take a rightful place in it through innovation.[4]

BRICS' impact on the international stage is determined by several factors, mainly, the growing economic power of the participating states, their importance as one of the main driving forces for the development of the global economy, significant population and resource endowment. It is precisely due to the countries of the association that the future growth of the world economy will be ensured in many respects. The political influence of BRICS is determined by the fact that the states included in the association are authoritative participants of leading international structures. They coordinate their actions in the UN and in other regional and international platforms on countering terrorism, combating drug threat and corruption, resolving conflicts, and ensuring international information security.

In world politics, BRICS is in favour of reducing the gap between the levels of development of different countries, which

attracts special attention of many states, some of which express a desire to join the association. However, the association has no plans to affiliate new countries in the nearest future. At the 10th BRICS Summit in Johannesburg (South Africa) in 2018, Vladimir Putin said: "We are not planning to increase the formal number of BRICS members now, because the formats that have been formed show their effectiveness".[5] "But actually the organisation is open to all," he added. "Outreach" and BRICS + formats already exist to expand the areas of influence of the association, and for all interested states to join the BRICS countries projects.

Interaction of the BRICS states includes annual summits, meetings of the leaders on the margins of the G20 summits, meetings of high figures responsible for national security issues, of ministers for external affairs (including meetings on the margins of the sessions of the General Assembly of the United Nations), of ministers of finance and heads of central banks, heads of other sectoral ministries and departments, sherpas/sous-sherpas, of working groups for cooperation in various fields. Contacts between the administrations of cities, business, academics and civil society circles have been established. National expert centres play an important role in defining the urgent tasks of cooperation, in developing the prospects for its development.

G. Toloraya, the Executive Director of the Russian National Committee for BRICS Research, notes, "Today, BRICS holds not only summits, but also regular interaction in more than two dozen fields, from trade and finance to security, health and agriculture. Documents on cooperation, which is actually progressing, albeit at different speeds, are being prepared and signed. The main areas of activity of BRICS, where results are possible, are reform of the monetary and financial system, ensuring the 'rules of the game' in trade and economic relations, complementary economic cooperation, maintenance of global stability, of the role of international institutions and international law. At the next stage there is an impact on the formulation of the global agenda, creation of mechanisms of keeping security and conflict settlement (of course, with the central role of the UN), inter-civilisation interaction."[6]

Nowadays, modernisation in economics and politics are closely linked; these processes have a significant impact on world politics.[7] At various discussion platforms at the BRICS summits, participating countries more and more actively discuss the issues relating to the political aspects of the world order. Positioning itself as an economic association, the BRICS countries cannot remain outside the current political problems of our time.

Until 2011, BRIC remained the union of major powers that are among the leading economies of the world. After the entry of South Africa, BRICS is gradually evolving in the international political direction; it is based not on common economic interests only. So, BRICS has turned from an economic into a geopolitical, global in meaning and inter-civilisational in the spirit association.[8]

The BRICS countries, without organising a formal union, speak on the world stage from a common position on many problems that relate to the development of the modern world, national and international security. Evidence of this is the declaration of the 10th BRICS summit, in which special attention was paid to foreign policy.[9] BRICS expressed a unified approach in Syrian, North Korean and Iranian issues, stressed the inadmissibility of an arms race in space, the need to strengthen fight against terrorism, stop cyberwar and preserve the fundamental principles of international law. Russia considers that the BRICS countries should regularly hold consultations among their representatives in international organisations on issues related to ensuring international security and develop cooperation in order to strengthen security in the field of information technology.

For each of the BRICS countries individually and for all of them together, one of the most important goals of these days and long-term at the same time is to ensure and maintain political stability in their countries, in the region, and in the world. From this point of view, the position of the BRICS countries on the matter relating to regional security, settlement of regional conflicts and maintenance of regional stability is of fundamental importance.

Absence of a rigid frame for interaction between and among the BRICS countries allows one to test various communication

options. The forms of cooperation are constantly expanding, for example, cooperation in the social and humanitarian sphere, in the field of culture, sports, cinematography, including through non-governmental organisations, is actively developing. Work is underway in almost all relevant fields, such as industrial cooperation, including partnership with the United Nations Industrial Development Organisation (UNIDO), health, labour and employment, science and education, agriculture, prevention and elimination of natural disasters, environmental protection. In 2017, for the first time, three formats of dialogue were combined on one platform – traditional academic and civil tracks, and a new format proposed by the Chinese side for cooperation among political parties of the five countries. On June 10-12, 2017, the United International Forum of Political Parties, of Think Tank Centres and of Civil Society Organisations of the BRICS countries was held in Fuzhou (China).[10] In recent years, such international events as the first International Festival of Theatre Schools of the BRICS countries, the Forum of Young Diplomats, the Sports Games, the BRICS Film Festival, the International Congress of Women of the SCO and BRICS countries, the Forum of sister cities and municipalities, the Trade Union Forum, the Youth Forum have been held. We can confidently say that state and public diplomacy is combined in BRICS.

Of course, the BRICS countries have their national problems, first of all, internal political and social challenges that need to be solved. If these problems, such as those related to politics and security, are not solved, their negative consequences may affect the work of the whole association.

Over recent years, the position of BRICS in the world has grown significantly stronger. The organisation has taken not the last place in the energy field, banking and other fields of international cooperation. According to experts, now BRICS is on a par with such associations as the G20 and G7, becoming a powerful and active player on the world stage.[11] The BRICS format has proved its undoubted economic efficiency. By the end of 2017, the volume of trade within the framework of the association had increased

markedly. For instance, Russia's trade with China increased 31.5 per cent (to $86.9 billion), with Brazil – 21.4 per cent (to $5.2 billion), with India – 21.4 per cent (to $9.3 billion), with South Africa – 16 per cent (up to $832 million).[12]

According to available forecasts, by 2020 trade turnover between the BRICS members will exceed the total amount of trade transactions between the USA and Europe. It demonstrates that the participants of the association have set out a long-term action plan for themselves and through their policy can make a tangible contribution to the recovery of the world economy, aiding developing countries and creating an investment balance.

However, according to analysts, despite notable success in the joint activities of BRICS real cooperation is not developing at an accelerating pace. This is partly because BRICS remains a consultative body without any serious obligations among its participating countries. In such a situation, Russia is set to closer integration of the countries of the association. On the eve of the BRICS summit, in Xiamen (China, September 4-5, 2017), President Vladimir Putin published the article "BRICS – towards new horizons of strategic partnership" on the Kremlin's official website. In it, he put forward several specific initiatives concerning the prospects of the activities of BRICS and said that "Russia is in favour of deepening the BRICS partnership in the political, economic, humanitarian and other fields".[13] It should be noted that the rest of the BRICS members are undoubtedly interested in strengthening their positions and their influence on the international arena. Such an approach implies a gradual transformation of increasing economic potential into greater geopolitical influence.

Russian researchers identify the following main tasks facing Russia within the framework of the BRICS:

- strengthening interaction with the other members of BRICS under the G20;
- development of joint policy on reforming the global financial and economic system;
- coordination of actions on major issues in the UN, WTO, IMF and other international organisations;

- expansion of relations within the framework of BRICS, especially in the field of science and technology;
- promotion of the initiative to institutionalise BRICS.[14]

Quite a lot of analysts believe that the next decade will be the time of BRICS. The BRICS partnership has a long-term strategic nature. In future, the efforts of the BRICS countries may lead to the establishment of new, more equitable rules in international political and economic relations.

According to some researchers, the BRICS countries in their interaction "demonstrate the model of development of the multipolar world, which because of its territorial specificity, the difference between the national economic model and the development strategy". Besides, each participating country adheres to national security strategies due to the existence of a differentiated approach to cooperation with other geopolitical centres of power.[15]

The institutionalisation of interaction within the BRICS framework remains an important issue. It is of importance in terms of establishing the multipolar world order in Asia. It should be noted that India supports this idea, believing that the main goal of BRICS nowadays is to institutionalise the union, which should include two dimensions: creating subsidiary mechanisms for the development of new BRICS institutions, and initiating cooperation in new areas of interaction.[16] The Russian Deputy Foreign Minister S. Ryabkov stated that the Russian Federation is setting up the task of transforming the association into a full-format mechanism of strategic interaction on key issues of the world economy and politics.[17]

The first step in this direction was taken in 2015 when the agreement on the establishment of a BRICS virtual secretariat was signed. Current information and official documents of the association (in Russian, Chinese, Hindu, Portugal and English) are displayed on the Russian Information Portal (http://infobrics.org).

Now it is possible to say that as a result of the activities of BRICS, the world is gradually changing towards multipolarity. At present, the US is one pole, Europe is another one and China, thanks to its economic power, is the third one. The fact that there are three

BRICS countries – Russia, India and China – situated on the Asian continent, and each of them in its own way strengthens its economic potential and political positions indicate that Asia is becoming the most important centre of power in the world.

In the situation of serious complications in Russia's relations with the West, intensification of the anti-Russian sanctions policy, Russia is interested in expanding interaction with the BRICS countries and closer integration with them. Participation in BRICS gives Russia an opportunity to strengthen its position on the world stage. By participating in BRICS, Russia can take its rightful place in the modern system of international relations and use this factor to modernise its economy. Besides, participation in BRICS gives Russia an opportunity to make fundamental changes in its foreign policy, to finally move away from its pro-Western orientation and reorient it to other regions of the world.

Over the years of its existence, BRICS has become a factor that directly influences the international situation. The association is "a truly established new centre of a multipolar world, a new, more democratic system of international relations".[18]

The years that have passed since the BRICS formation, have shown that the association has a huge political, scientific and economic potential, and can also be very effective in maintaining security; therefore, cooperation within the framework of BRICS may be extremely beneficial for each participating country.

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Part III
The Evolving Indo-Pacific Order

14. Maritime Security in Indo-Pacific: An American Perception

J. Mohan Malik

Rising powers compete for power and influence to impose their will on the global order. Due to an exponential growth in Chinese power over the last four decades, the Indo-Pacific today is home to both sub-regional and pan-regional rivalries, mostly involving China. Distant countries and regions have now become part of China's critical interests as Beijing invests heavily in those countries. The collapse of the Soviet Empire may have led the West to declare victory and "the end of history," the East has seen Beijing resurrecting China's imperial past. The Trump administration's transactional foreign policy and vacillating stance on the US commitment to its allies and friends have further emboldened Xi's China to spread its wings diplomatically, economically and militarily.[1] Hyper-nationalism, a belief in Han exceptionalism, and certainty about the inevitability of a post-American Sino-centric world now shape Beijing's security strategy. Beijing is convinced that the US dominance of the international system over the last 70 years is "an [a] historical aberration" and is destined to give way to a Sino-centric order based on traditional values of hierarchy, tribute and trade privileges. Chairman Xi Jinping's OBOR is a leaf taken out of Lenin's 1917 "Imperialism, the Highest Stage of Capitalism" insofar as it seeks to build an "empire of exclusive economic enclaves" run by Chinese state-owned enterprises on 99-year or 50-year leases with Chinese capital, Chinese technology, Chinese labour, and Chinese arbitration courts.[2] The OBOR is the means by which Beijing seeks to secure its dominance of the Eurasian continent as well as its adjoining waters. This chapter outlines key strategic trends and discusses implications of these trends for the wider maritime commons in the Indo-Pacific

region. The key question: how is great power competition playing out in the maritime domain, and how are smaller states leveraging or being caught up in this competition? The focus is, in particular, on key states' maritime interests, strategies, and the activities they are undertaking to achieve their goals.

Contrary to conventional wisdom about opaqueness, China has been always very clear and transparent about its intentions, designs and objectives. The restoration of "China as Number One" ("*Zhongguo di yi*") has been the goal for more than 100 years. China sees itself as a superior, unrivalled civilisation. Historically, a rich and powerful China always expanded its frontiers and demanded deference and tribute from neighbours in return for aid, trade and protection. Spellbound by the grandeur of sea power, Chinese strategic thinkers wax lyrical about resurrecting China's fifteenth-century naval expeditions to the "Western Ocean" (the old Chinese name for the Indian Ocean). China's cultivation of friendly, pliant regimes via economic inducements and strategic coercion all along the maritime chokepoints in the Indian Ocean sea lanes is similar to the Ming Court's past attempts to control the maritime lanes by changing political regimes in Malacca, Sumatra, and Sri Lanka so as to facilitate commercial and maritime dominance. Imperial Japan's slogans such as "Asia for Asians", "rich country, strong military", "common destiny under Belt and Road" (aka "Asia Co-Prosperity Sphere") are now China's slogans. China calls itself a "near-Arctic nation" but describes the US, Japan, Australia and India as "outside powers" in the South China Sea! Beijing's quest for regional hegemony requires it to weaken and end US alliance relationships and forward military presence and diplomatic influence in the Indo-Pacific region. As a result, the US and China are going to remain locked in intense security competition for decades. Just as Beijing wants to push US forces away from the Western Pacific, Washington is determined to stay put.[3]

Major Trends

- *Power Shifts in the Age of Great Disruptions*: Geopolitical power shifts are occurring at a time of great disruptions: economic,

social, cultural and technological. Economic interdependence coexists with growing strategic competition and rival alliances as great powers – old and new - turn revisionist. As in the past, continental powers, China and Russia, are busy salami slicing in the east and the west, thereby seeking to expand their territorial and maritime frontiers. However, it is not just revisionist China or Russia, even the US, under the Trump administration, is a dissatisfied power and is moving away from the rules-and norms-based liberal order that it established.

- *A Fragmented and Polarised World:* The world seems to be heading toward a fragmented, bifurcated world order, with competing rule sets in new emerging technologies, economy, politics, maritime, outer space and cyberspace. The rise of regional hegemons means a crowded geopolitical space out there. "Chindia" seek to balance each other. Japan is aiming to be a "normal nation" while Russia is re-energised by its vast energy resources. Just as the US wants to manage China's rise, China seeks to accelerate and manage America's decline.
- *The New Great Game* is all about resources, markets, and bases and new emerging technologies. All this is fuelling geopolitical tensions. China resents the US naval bases and presence in the Pacific. India resents the Chinese naval bases and presence in the Indian Ocean. At the same time, Asian economies' reliance on the Middle East for energy needs is growing. In addition, we are seeing the return of mercantilism, trade wars, neocolonialism (e.g., Xi's OBOR is widely perceived as having degenerated into OBOR.
- *The Changing Nature of Conflicts:* Major powers are in a race to dominate in new "Strategic Frontiers" such as oceans, the seabed, the Polar regions, cyberspace and outer space. The old form of land grabbing coexists with post-modern cyber warfare. Revisionist powers seek to expand their strategic frontiers via grey zone operations, i.e., with little or no use of military force in ways that tend to change regional balances of power, undermine the existing trade, financial, and military arrangements, and potentially usher in the post-American world order.

- *Map Making is not over*. History battles over land and maritime disputes are essentially about the future of regional order: *Pax Sinica* vs. *Pax Americana*. We have entered an era of contested commons, competing visions of world order and globalisation which, in turn, has placed the US-led order under great stress.
- *Clash of Visions and Values:* The march of authoritarianism and populist nationalism means that there is a "competition between free and repressive visions of world order" (US National Security Strategy, 2017). According to this author, the ideological contest is mainly between "Techno-Totalitarianism" and "Digital Democracies." China's OBOR and the US' FOIP strategy represent two competing visions of the regional order.
- *Tech Wars over new disruptive technologies:* Artificial intelligence, 5G, internet of things, big data, quantum computing, robotics, biotech, hypersonic, energy-directed weapons) are intensifying with the potential to cause supply chain disruptions and a bifurcation of the global economy in new, emerging technologies. Simply put, we are sleepwalking into "One World, Two Systems".

Implications for the Maritime Domain

Consequently, the vast Indo-Pacific region from East Africa to East Asia and the polar regions are fast emerging as major arenas of contestation. The security dilemma is worsening. Nations – big and small – are increasingly engaged in bandwagoning, balancing and hedging games. Great power competition is gaining momentum. We are witnessing the return of mercantilism, protectionism, trade wars, and a "cold war" like base race to build, acquire or access forward bases from the Western Pacific to Western Indian Ocean.

In a short span of two decades, the Chinese People's Liberation Army-Navy (PLA-N) has indeed come a long way and is close to realising Chairman Xi's goal of restoring "China's rightful and historical position as the greatest maritime power." Beijing is indeed on a base-buying spree to reinforce its offshore capabilities for both commercial and strategic purposes, posting non-combat troops and providing arms to strategically located countries along

the sea lanes and maritime chokepoints. Nearly two-thirds of the world's 50 major ports are either owned by China or have received some Chinese investment.[4] The Institute for International Strategic Studies estimates that, since 2014, the PLA-N has "launched more submarines, warships, principal amphibious vessels and auxiliaries than the total number of ships currently serving in the navies of Germany, India, Spain, Taiwan and the United Kingdom."[5] The *South China Morning Post* (June 7, 2017) quotes General (retd) Xu Guangyu as saying that "China will need at least 10 to 20 ports around the world in all oceans and continents," while Rear Admiral Yin Zhuo believes that "China needs two carrier strike groups in the West Pacific Ocean and two in the Indian Ocean. So, we need at least 5 to 6 aircraft carriers." Sea control through the heavily militarised artificial islands in the South China Sea would enable Beijing to exercise sea denial in the Western Pacific and the Indian oceans. China's investments in littorals under its Maritime Silk Road are as much about development as about Beijing's desire to establish itself as a predominant naval power in the Pacific Ocean and as a "resident power" in the Indian Ocean – much as the US, Britain, and France have done. Beijing wants to send a message that countries along the OBOR – which envisages a network of ports, railways, roads, and industrial parks linking China with Africa, Asia, and Europe – can look to China for both economic growth and military security, and that challenges to its expanding sphere of influence will not be tolerated.

China's strategy of fusing its maritime expansion with regional economic development and multilateral integration is yielding rich dividends. High-interest Chinese loans worth hundreds of billions of dollars are saddling small littoral states with debts and giving Chinese military access to strategic infrastructure such as ports and airstrips near international waterways. Having acquired leasing rights to Pakistan's Gwadar port for 40 years, Greece's Piraeus port for 35 years, Djibouti port for 10 years, Sri Lanka's Hambantota port for 99 years, 20 per cent of Cambodia's total coastline for 99 years, and the Maldivian island of Feydhoo Finolhu for 50 years, Beijing is now pressuring Myanmar to raise China's stake from 50 per cent

to 75 to 85 per cent in the Kyaukpyu port on the Bay of Bengal, and to lease it for 99 years as well – at least if Myanmar does not want to pay a penalty for reneging on the $3 billion Myitsone energy dam deal.[6] A Chinese base in Myanmar would threaten India's naval dominance of the Bay of Bengal in the same way Beijing's lease of Pakistan's Gwadar port in the Arabian Sea heightens New Delhi's sense of encirclement by the Chinese Navy. Under the "Far Seas Defence" doctrine, many Chinese naval strategists view Pakistan and Myanmar as constituting "the West Coast of China," that would help Beijing overcome the risks associated with trade and energy supplies through the Malacca Straits.

In the western Indian Ocean, Beijing is eyeing Mombasa in Kenya, the gateway to East Africa, as 55 per cent of Kenyan foreign debt is owned by China. Media reports suggest China is seeking bases in Mauritius and the Tanzanian coast to secure its trade and energy routes. A military base in Djibouti, along with major port development projects in Kenya, Pakistan, Sri Lanka, the Maldives, Bangladesh, Myanmar, Malaysia, and Cambodia define the contours of China's MSR – an oceanic connectivity project that is part of the BRI centred on the Indian Ocean. The assumption underlying this strategy is that China's rivals, finding themselves encircled or obstructed by countries aligned with Beijing, will be sufficiently deterred from threatening China's economic and security interests. China sees itself as being engaged in a long, protracted competition with the US, Japan and India, and would want small and middle powers (such as Laos, Cambodia, Myanmar, Nepal, Sri Lanka, the Maldives, Pakistan, and Kenya) to remain within its orbit.

While the PLA-N is fast militarising the first island chain (stretching from the Japanese archipelago to parts of the Philippines and Malaysia and encompassing the South China Sea), Beijing is gradually buying off the second island chain in the Pacific Ocean. The internal power dynamics in many small states provide an opportunity for the Chinese to entrench their naval presence among the small islands states (SIS), aka vast ocean states (VOS), of the Pacific and Indian oceans.[7] By 2025, China's navy is projected to have

the largest naval and submarine fleets in the world. Despite China's propensity to conceal its naval ambitions, and despite the rhetoric of mutually beneficial "win-win" relationships, the strategic approach dominates in the Pacific and Indian oceans. The incorporation of smaller states into a Sino-centric economic and trading hub-and-spokes system lays the foundation for a China-led security system in the future. China's infrastructure largesse and economic domination of small countries constrain their foreign policy choices (with respect to the South China Sea, Tibet, Taiwan, unfair trade practices, the Uighur concentration camps in Xinjiang).

Regional Reverberations

Regional concerns about Chinese behaviour regarding maritime disputes coupled with the PLA-N's acquisition of expeditionary capabilities worsen the security dilemma and result in balancing behaviour from China's neighbours. At the normative level, the resurrected Quad (comprising the US, India, Japan, and Australia) has proposed a FOIP construct to promote a rules-based order. But, to date, the Quad meetings have been high on rhetoric, low on deliverables.[8] Not surprisingly, Chinese Foreign Minister Wang Yi has dismissed the "Indo-Pacific" concept and the Quad as a "headline-grabbing" idea which will "dissipate like sea foam."[9] However, the Quad is an idea that won't go away. For, if it had not been disbanded in 2008, and if the Obama administration had acted on the Scarborough shoal in 2012, China's expansionist impulses might have been tempered and the South China Sea may not have been militarised to such an extent.

While Beijing claims to be building infrastructure for connectivity to promote a "Community of Common Destiny" for growth and prosperity, it now faces major pushback from not only small and middle powers along the MSR but also opposition from the US, India, Japan, Australia, and the European Union. It is worth noting that several countries that attended the first Belt and Road Forum (BRF) in 2017 chose not to participate in the second BRF in 2019. These include the US, Argentina, Fiji, Poland, Sri Lanka, Spain, the Maldives, and Turkey.[10]

Faced with China's empire-building exercise through 99-year and 50-year leases under Xi's OBOR, the US Congress has passed the ARIA which reaffirms alliances with Australia, Japan and South Korea, while calling for deeper military and economic ties with India and Taiwan. Under the "Better Utilisation of Investments Leading to Development Act of 2018" (BUILD Act), Washington is setting up a $60 billion International Finance Development Corporation and has formed trilateral partnership with Japan and Australia as part of an "Indo-Pacific Economic Vision" to streamline the process of joint investments in energy, transport, tourism and technology infrastructure. The US-China contest for supremacy extends across the Pacific, above and below the ocean. Washington enjoys the backing of old allies (Australia, Japan, South Korea, France, and Taiwan) and new partners such as Vietnam and India. The US won't allow its leadership to be undermined.[11] After all, no great power arrives quietly, no great power goes quietly.

India, wary of China's maritime forays and with a distinct vision of regional order, is now competing furiously to establish bases in the Indian Ocean for the forward deployment of its naval assets and to gain a relative advantage over Beijing. China's economic weight has already replaced India as the most significant player in South Asia. Just as China built up Pakistan into a formidable nuclear and missile power, it is now set to help Pakistan become a naval power by transferring submarines and several surface naval vessels to its navy.[12] As corrupt, weak regimes addicted to cheap Chinese loans keep falling into Beijing's strategic debt traps, New Delhi's traditional influence is now under serious challenge. China's relentless pursuit of power and forward presence leaves India with little option but to engage in "balancing-without-provoking" posture. New Delhi needs the strategically important US and the Quad on its side as much as it needs a peaceful border and economic interaction with China. After the US, India has the second-largest trade imbalance with China. China's MSR (aka "String of Pearls 2.0") has prompted the Indian navy to unveil a three-pronged strategy to ensure a balance of power in littoral Asia: fortify defences in the Indian Ocean by acquiring access to

bases in Indonesia, Mauritius, the Seychelles, Madagascar, Oman, and Iran; conduct joint naval exercises in the East and South China Seas; sign logistics exchange agreements with the US, Singapore, and France to gain access to their bases in the Indo-Pacific, and launch an ambitious naval expansion program (from 138 to 212-ship navy with 3 aircraft carriers, and 24 attack submarines by 2030). As China's Navy goes south to the Indian Ocean, India's Navy is increasingly going east to the Pacific Ocean. In response to China's Belt and Road investments, India has allocated $25-30 billion in credits and grants to its extended neighbourhood from East Africa to Southeast Asia. More importantly, India is partnering with Japan and the UAE to launch joint infrastructure projects in South Asia and Africa, respectively.[13]

Despite the hype over Chinese overseas investments, Japan still remains a major player in infrastructure development and a bigger international creditor. Japan's $210 billion EPQI and India's "S-A-G-A-R" offer an alternative to China's OBOR. The infrastructure competition between Japanese and Chinese firms now extends throughout the Indo-Pacific. Tokyo is developing ports in three Indian Ocean nations – Dawei in southeast Myanmar, Trincomalee in northern Sri Lanka and Matarbari in southeast Bangladesh – as part of Prime Minister Shinzo Abe's "free and open Indo-Pacific strategy."[14] In contrast with Chinese loans of 4-8 per cent interest rates, Japan's infrastructure loans come at 1 per cent to 2 per cent interest rates and without any long-term leases.

For its part, Indonesia has proposed a plan called the "global maritime fulcrum" that is "designed to balance the Belt and Road Initiative."[15] Common security concerns about Chinese assertiveness in the South China Sea and the Indian Ocean have led Indian and Indonesian governments to take up the Sabang Port development project. Australia has stepped up aid and diplomatic engagement with island states by allocating $2.18 billion in infrastructure loans and grants. Australia and the US have joined hands to build the Manus naval base in Papua New Guinea. Australia is seeking to build security ties with fellow democracies in the Indo-Pacific (Japan, India, the Philippines, and Indonesia) and working to re-

engage European powers with the Pacific to act as a bulwark against China's growing power.[16]

The growing naval rivalry over small island states in the Pacific and the Indian oceans bears a remarkable resemblance to naval competition to acquire access to markets, resources and bases amongst rising industrialising powers of earlier eras in history. China is following in the footsteps of former colonial powers, establishing outposts to gain strategic depth, while denying rivals the same. Small and middle powers are coming under pressure to choose sides. Most small states seek to play one great power off against the other to their advantage but often fall prey to great power intervention and intrigues in domestic politics.

Ironically, China's attempts to establish an empire of "exclusive economic enclaves" have brought former European imperial navies – the French and the British – back in Asia, *this time with the support of their former colonies*: India, Australia, Malaysia, and Vietnam. Beijing faces major obstacles and pushback from other major powers. Small states led by corrupt leaders offer a low-cost opportunity for Beijing to acquire strategic foot holes along the vital sea lanes of communication. Evidence from Cambodia, Sri Lanka, Malaysia, Myanmar, Pakistan, Djibouti, the Maldives and Sierra Leone suggests that OBOR-related investments undermine democratic institutions, increase corruption, restrict civil liberties, and favour autocratic rulers and undermine the sovereignty and territorial integrity. This author calls it the "OBOR collateral."[17] To be successful, China's megaproject OBOR would need "an order based on rules" (OBOR). It is worth remembering that no single country built the old Silk Road in the past; it developed organically. No one country will build it alone again. Its dimensions will be determined by the laws of supply and demand. As in the past, there will be not one but several roads in the future.

The Geometry of Geopolitics

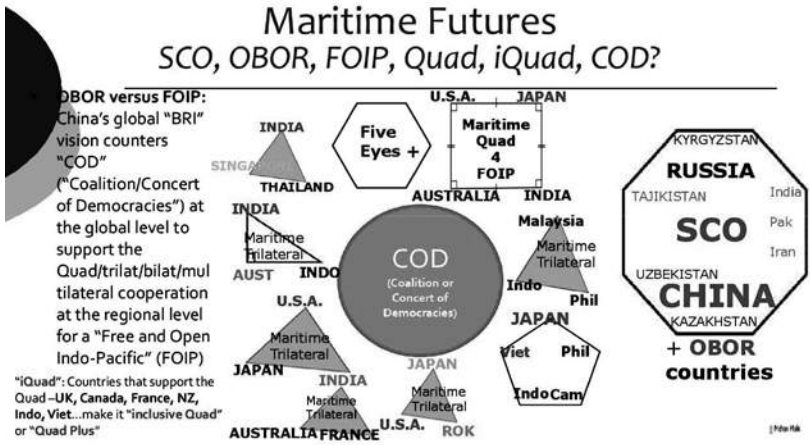
Obviously, a broader contest of clashing values and visions between the FOIP and the OBOR is going on, which requires a multilateral response at different levels. One country's response alone, whether

that be from the US or Japan or India cannot deal with the ideological, economic and strategic challenges. If the US, Japan or India backs off or otherwise acquiesce in this battle of wills, power and influence with Beijing, the small and weak states of the Indo-Pacific will quietly slide into China's orbit and a new Sino-centric order could possibly emerge in the Indo-Pacific. As noted before, China's quest for resources, markets, and bases following the direction taken by old imperial powers and attempts to establish an empire of "exclusive economic enclaves" run by Chinese conglomerates to usher in the age of *Pax Sinica* has brought former European imperial powers back in Asia. French and British navies, backed by South and Southeast Asian countries, are now operating naval task forces in the Indo-Pacific to maintain a rules-based international order.[18] In other words, China's attempts to establish a Sino-centric unipolar order via OBOR are being countered by fluid, short-term, purpose-specific partnerships and alignments because the Indo-Pacific is inherently multipolar. The coming together of India, Indonesia and Australia in a maritime trilateral following the PLA-N exercise in the Sunda strait in 2014 is a case in point. Since Beijing's economic expansion often tends to strengthen authoritarianism, weaken democracies, and ends in the loss of sovereignty over strategic assets, the first and foremost challenge before the Quad grouping is to ensure that the end of China's "century of humiliation" does not usher in a century of humiliation for small, weak states led by corrupt leaders. To this end, the Quad in the Indo-Pacific, still in its embryonic stage, may well need to be made an *iQuad* ("inclusive Quad") or "Quad Plus" and further reinforced with a Concert of Democracies (COD) comprising Canada and the European Union at the global level to uphold a rules-based order.

A related task is to think of innovative and creative ways to blunt China's weaponisation of trade, capital, tourism, technology, education, minerals, market access, media, Hollywood, and economic interaction by leveraging China's growing dependence on energy and food security on the outside world. Given the party-state's domestic vulnerabilities, could "maximum pressure at multiple points" (the SCS, Taiwan, trade, technology, Tibet, Xinjiang, economic slowdown) change its behaviour and moderate its ambitions? As

the Chinese political system becomes more and more ideological and totalitarian, can it cope with economic stagnation or potential

Figure 14.1: Maritime Futures – SCO, OBOR, FOIP, Quad, iQuad, COD



Source: Author's presentation at the 20th ASC, 2019.

Japanisation of the Chinese economy or will it eventually crack up like the former Soviet Union's?

Looking into the Future

The next 15 to 20 years in the Indo-Pacific are fraught with risks – this is where some of the world's most powerful states are forging new alliances, arms racing, pursuing mercantilist policies, extracting resources, and viewing competitors with growing distrust and engaging in the containment of peer competitors. There seems to be no "multilateral nirvana" as global institutions become the new arenas of shadow boxing, multilateral manoeuvres and machinations. Coalitions of the willing, quads, trilaterals and minilaterals are the future of power balancing. New strategic balances will emerge as partnerships and allegiances among states shift. Faced with an aggressive China, Asia's major maritime powers – Japan, Australia and India – are working in a more synchronised manner in a quadrilateral grouping with the US. They enjoy the support

of middle powers (such as South Korea, Vietnam, Singapore, the Philippines, Indonesia, Malaysia, and New Zealand) – to varying degrees – to defend a rules-based order that does not advantage big and powerful nations at the expense of small and weak states. With the exception of Cambodia and Pakistan, the target of most countries' balancing is China. The reliance on external protection is an old strategy of survival for small states on China's periphery and this strategic reality is unlikely to change. A complex web of security relationships is thus beginning to emerge. The future of regional security cooperation is likely to be in the trilateral or triangular, quadrilateral and multilateral formats. This is what I call "the Geometry of Geopolitics." As India's Prime Minister Modi told the ASEAN: "We will work with them, individually or in formats of three or more, for a stable and peaceful region."[19] Flexible, issue-specific threesome, foursome balancing games are popular these days. Having multiple partners is in vogue. Over time, various trilateral (e.g. Japan-Vietnam-the Philippines, the US-Japan-India, Australia-Indonesia-India, India-Japan-Vietnam, France-Australia-India) and informal multilateral efforts to constrain China could coalesce into a maritime coalition or the "Indo-Pacific Maritime Partnership". Though one-on-one "Cold War-like" bilateral alliances currently seem old-fashioned, the crystallisation of fluid relationships into rigid alignments could occur in the event of a major rupture in the US-Chinese or Indian-Chinese relations.

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15. United Kingdom's Foreign Policy and Indo-Pacific Security

John Hemmings

Strategic Interests and Strategy

While it is true that Britain is expending a massive amount of internal energy on dealing with Brexit, so too has it sought to develop a new strategic posture that provides it with a "What next?" There are obvious questions of course about what Global Britain actually means. Is it a strategy or a slogan? Boris Johnson's first speech on Britain's post-European foreign policy, in 2016, focused on three themes:

- Security
- Economy
- Global Order

He also said that given the rise of new powers, "it is right that we should make a distinctive approach to the region. We should emphasise rules, while also being willing to allow them to be adjusted and reformed".[1] Britain supports the enlargement of the United Nations Security Council, including India, as well as taking a nuanced approach towards China's infrastructure strategy.

Despite this, the House of Commons Foreign Affairs Committee asked that the government clarify this further, saying, "the slogan must be backed by substance".[2] Or as the old American television commercial asked, "Where's the beef?" This is not meant to unfairly criticise the UK for not implementing very much thus far, because after all, the policy is relatively young and set in a particularly turbulent domestic setting. Baroness Ashton said that Global Britain could be an "aspiration … capturing an idea in a way that you can

later expand into an underpinning set of principles".[3] According to this author, this is important; there is a need for a simple yet promising slogan to carry the imagination of the British nation. Moving East of Suze will require resources and popular support, and those are in short supply at present.

So, it must be a strategic imperative, while also carrying the emotive power of a rallying cry. So, if we begin by saying Global Britain is a slogan, we must ultimately test that slogan by giving it direction and resources and provide what Tom Tugendhat, the UK Member of Parliament (MP) and Foreign Affairs Select Committee Chairman, calls, "a clear statement of objectives and priorities and a commitment to the sufficient resources to achieve them".[4] This article will focus on the three areas raised by Boris Johnson in his 2016 speech, where we are seeing the greatest signs of change: the strategic arena, the economic and trade arena; and the systemic area, or that debate around the rules-based order.

Security (Military and Diplomacy)

The UK Indo-Pacific security policy is three-fold and focuses on basing, naval deployments, and defence diplomacy. In November 2018, the First Sea Lord Admiral Philip Jones explained the need for a strong naval presence as reflecting economic imperatives: "the Indo-Pacific region will be of such strategic importance to this island nation in the years to come precisely because of the ongoing economic shift to the Indo-Pacific, its associated maritime trade and UK post-BREXIT ambitions for enhanced trade" there.[5] In a more recent speech, given at the International Institute for Strategic Studies (IISS) by the First Sea Lord, he celebrated the visit to London of Admiral Sunil Lanba, India's Chief of Naval Staff, by raising a number of areas where India and UK can collaborate in the maritime sphere.

With regard to basing, it is clear that forward-basing plays a part in the UK's Indo-Pacific strategy. For example, in April 2018, HMS Juffair (Mina Salman Support Facility) was opened in Bahrain. This was followed by the opening of the Joint Logistics Support Base at Duqm (Oman) in October 2018, complete with deep waters and dry docks, capable of porting Queen Elizabeth 2. HMS Montrose,

a Type-23 frigate, is likely to forward deploy to the Bahrain facility. In late 2019, the First Sea Lord raised the possibility of the UK being given permission to forward deploy in India, once the Type 31 frigate becomes operational. Is a mutual-basing agreement, like the one signed between France and India on March 10th, the way forward? The opportunities for Franco-British cooperation in the region are growing. Indeed, the UK's military elements have already been embedded with France's *Jeanne d'Arc* naval operations across the Indo-Pacific for the past two years and that cooperation is set to increase in 2020.

We can see this with the number of deployments that have gone *East of Suez since 2018*. Of course, there has been the long-standing anti-piracy Royal Navy deployment since 2009 in the western Indian Ocean under the EU's *Atalanta* operation, but UK naval deployments to the region have increased markedly and are set to continue the pace. The year 2018 saw the Her/his Majesty's Ship (HMS) Sutherland, HMS Albion, HMS Argyll and HMS Montrose all deploy in turn for extended operations across the Indian Ocean, into the Pacific. As the First Sea Lord stated in a speech at IISS, it represents the biggest appearance of UK forces in the Far East since the Korea War over half a century ago.

These increased deployments to the Indo-Pacific have been about taking part in counter-proliferation duties with regards to North Korea, as well as giving the UK the opportunity to take part in bilateral and trilateral exercises with regional partners. For example, the well-established *Konkan* exercises with India running since 2012 were supplemented in 2018 by bilateral exercises with Japan in the Indian Ocean and Western Pacific, and trilateral exercises with Japan and the US in the South China Sea. Then in September 2018, HMS Albion carried out a freedom of navigation manoeuvre near the Paracel Islands. This was of course accompanied by fierce Chinese denunciations.[6] Similar Chinese denunciations followed the bilateral exercises carried out by the HMS Argyll and the USS McCampbell in January 2019. This followed the trilateral exercise with a Japanese submarine on December 21 and 22.

Regarding defence diplomacy, the UK has increased its participation in the Five Power Defence Agreements (FPDA), which brings together the UK, Australia, New Zealand, Singapore and Malaysia. It has also developed formal 2+2 defence and foreign policy ministerials with Japan and Australia, which have led to a slew of Defence Cooperation Agreements, intelligence-sharing agreements, and defence industrial cooperation agreements. This has seen the UK sell the Type 26 frigate to Australia on the one hand and co-develop the Meteor missile with Japan on the other. A British missile with Japanese sensors, the Meteor is predicted be one of the best in allied inventories. This slew of bilateralism has also allowed for trilateralism with other extra-regional powers, such as the United States. The UK-Japan-US *Trilateral Cooperation Agreement* signed in October 2016. UK and India have also developed a Defence and International Security Partnership, which was signed in 2015.

This agreement will allow for defence industrial co-development and hopefully bring the two closer together as they work on using tomorrow's technologies to maintain peace today. The agreement also encourages the two to work together on counter-terrorism, particularly by focusing on stopping all forms of financial and tactical support for groups like Lashkar-e-Tayyeba (LeT) and Hizb-ul-Mujahideen. Britain is also working with India to help develop a Cyber Security Training Centre of Excellent and expanding a scholarship programme for India's cyber warriors through Chevening. They will enhance mil-to-mil talks, while also holding a new annual dialogue on maritime security in South Asia.

Naval Capacity

The *National Shipbuilding Strategy* 2017 has set out a strategy that aims to rebuild a Royal Navy after a long period of shrinkage, with 18 new Type-26 frigates scheduled to gradually replace the navy's 13 Type-23 frigates from the mid-2020s onwards. Of course, this is all dependent on the financial situation of the UK and continuing resolve by any government of the day. In a time of overall declining naval strength, the UK government is reintroducing two aircrafts carrier, after nearly a decade. HMS Elizabeth was commissioned

in December 2017, and HMS Prince of Wales is due to be handed over to the navy in 2019. However, there remain potential financial constraints over the speed of equipping them with their advanced F-35B fighter wings, and indeed on possible cuts in the number of planes carried.

As of the 11th of February, 2019, Defence Minister Gavin Williamson declared that Britain aimed to have one "Littoral Strike Group complete with escorts, support vessels and helicopters based East of Suez in the Indo-Pacific" and that in 2020/2021 "the first operational mission of the HMS Queen Elizabeth would include the Mediterranean, the Middle East [the Indian Ocean] and the Pacific region".[7]

On the security front, the UK could consider closer involvement in the Australia-Japan-US (AJUS) trilateral including their *Pacific Bond* naval exercises, and their *Cope North Guam* air force exercises. Closer involvement with the Australia-India-Japan-US "Quad" could be a further possibility to explore.

Economic

On the economic front, Brexit has severely impacted the UK's domestic debate on foreign policy. Despite this, there is a strategy in place which sees London attempting to sign "roll-over" agreements with South Korea, Japan, and Vietnam and attempting new deals with Australia and India in 2019-2020. Britain continues to keep the door to cooperation in China's BRI project open, but it has noted the criticisms of regional states like India and has taken care not to endorse the BRI as Italy did in 2019. With rising criticism of China's Maritime Silk Road (1) generating "debt traps" for countries like Sri Lanka and the Maldives, and (2) excessively benefiting Chinese companies; the UK has other infrastructure funding options, in the Asia Regional Trade and Connectivity Fund (ARTCF) set up with the Asian Development Bank (ADB), or indeed the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific (TPIIIP) set up in 2018 by Australia, Japan and the US.

The UK's economic strategy involves increasing trade flows and attempting to play a constructive role in the infrastructure boom

taking place in the region. The UK has recognised the growing economic importance of the East to global growth over the past decade, in particular, the economies of India, Southeast Asia, China, and Japan. The foreign secretary noted in January 2019 that "the global centre of economic gravity has been shifting eastwards towards Asia for decades – and this trend shows no signs of abating".[8] BREXIT sharpens a sense of opportunities in the Indo-Pacific through an *independent trade policy*; with Liam Fox noting in February 2019 that "the growth in the East represents a huge opportunity for the UK to establish new, and grow existing, trading relationships".[9] UK trade policy is threefold:

- Rollover existing pre-BREXIT EU trade agreements, "down to the wire" as Liam Fox told the Parliament on February 13. Continuation agreements were reached with Mauritius and Seychelles (January 31) and Chile (February 1); but the most significant continuation agreements with Singapore, Vietnam, South Korea and Japan, about which broad positive noises were made during 2018, remained to be nailed down.
- Negotiate new post-BREXIT trade agreements across the region with India, Malaysia, Australia, New Zealand and of course China. Australia and New Zealand have been the most supportive here.
- Join the recently reconstituted CPTPP; which is made up of Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.[10]

With regard to trade deals with India, the hope is that it will be easier for the UK to reach an FTA with India once the UK is out of the EU. Already UK exports of £5.4 billion to India in the year to November 2018 were up by 27.3 per cent. However, there remain barriers in terms of any quick FTA deal in the form of UK immigration restrictions on Indian workers and in terms of India's traditionally protectionist economic mod.

With regard to China, hopes for a post-BREXIT boost in economic relations have been less than expected. Despite continuing talk of a "new phase in the Golden Era" of UK-China economic relationship,

the sad fact of economic diplomacy is that BREXIT makes the UK of less significance for China even while it makes China of more significance for the UK.[11] This makes the UK negotiating position weaker vis-à-vis China, with whom there is already a large trade deficit. As a result of this, UK-China bilateral ties have been marked by increasing pressure from Beijing on London, whenever the UK's approach toward the Indo-Pacific challenges Chinese preferences. As an example of this, Beijing threatened to take a proposed free-trade agreement in June 2018, after the HMS Albion carried out a freedom of navigation manoeuvre in the South China Sea.

Infrastructure

One forgets that while the UK is not a direct provider/builder of infrastructure, it has the City of London, one of the world's largest financial markets. The City has decades of experience in financing and insuring infrastructure projects, across the globe and is playing a financing role in China's BRI. In May 2017, Phillip Hammond, the Chancellor, attended the Belt and Road Forum (BRF) where he talked about the UK and China being "natural partners" in developing projects together; in December 2017, Douglas Flint was appointed as the Treasury Department's special Belt and Road "envoy", and other ministers have talked of the "huge opportunities" for UK companies in delivering infrastructure projects, and of increased trade flows.[12]

The two main channels for BRI infrastructure funding are (1) China's own Silk Road Fund (SRF) to which China pledged $40 billion in 2014; and (2) AIIB. AIIB was set up in December 2015. The US and Japan refused to join the AIIB, but the UK did, putting forward the argument that the "UK's membership deepens economic ties with Asia and creates opportunities for British businesses", but thus far it remains unclear to what extent the British companies have befitted in terms of getting many AIIB-funded infrastructure contracts. In the AIIB, the UK's $3,054.7 million subscriptions give it 2.9 per cent voting powers; overshadowed by China's $29,780.4 million subscriptions and 26.6 per cent voting powers. In this essentially China-led framework, the UK announced in December 2017 that it was pledging $50 million in four

equal slices of $12.5 million for 2018, 2019, 2020 and 2021 into the AIIB's Special Fund for Project Preparation.

Another channel for the UK to take part in the infrastructure boom in the region is with the ADB, which the UK has been a member of since 1966. The Department for International Development (DfID) and the ADB launched ARTCF in May 2018 complete with a £30 million initial pledge from the UK.

However, as already mentioned, a post-BREXIT it will be hard to reconcile maintaining freedom of navigation exercises in the South China Sea while trying to negotiate a trade deal with China. The UK Government will face a hard choice; should it prioritize the rules-based system upon which the trading order relies, or prioritize China-linked investment? The two approaches toward the region – an Indo-Pacific approach and a China-centric approach – are incompatible, and one might need to be dropped to enable the other.[13]

Global Britain remains a framework rather than a strategy, but that may change as the new Johnson government completes an ongoing review of the UK's position in the world. Perhaps the worst outcome for the UK would be for Global Britain to remain a vision and for it to fall by the wayside due to a lack of resources. In such a scenario, British standing would most likely suffer even more than it has during the Brexit process. It would also weaken British influence in-region at a time when the Indo-Pacific is only set to grow more important. This chapter has examined four areas where there are clear signs of change in British policy: defence diplomacy and basing, naval deployments, trade policy, and in infrastructure the growth of maritime trade.

In planning its diplomatic and military resources, a Global Britain must consider both the opportunities and the challenges presented by Chinese investment. As the past year has shown, Beijing is increasingly willing to use its investments as leverage on various issues, as a result, London must diversify its Asian economic portfolio with other major trading powers. It's Asia policy must not merely be a 'China policy'. It will also complement new economic ties with an eye to creating balance in the region. So, if the UK is to

finance Chinese BRI projects, then it should also join India and Japan in developing their own alternative infrastructure projects, allowing for political and economic diversity of choice – something that has become sadly missing in the BRI. UK's Britain must also increase its security relationships with regional states, including Southeast Asia and the Quad member states. It has real strengths to bring in terms of financing and though geography limits its reach, it can play a real visible role in the region, alone or with allies and partners. As the UK negotiates the various economic treaties with regional states, it will find that new security opportunities may present themselves. Britain can and should look at this period - therefore - as one of hope and opportunity.

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16. Achieving a Free and Open Indo-Pacific through the Quad Framework: A Japanese Perspective

Hideshi Tokuchi

Introduction: Two Faces of "Indo-Pacific" as a Key Concept for Regional Security

There are two terms that are key to the discussion of Asian international security today. One is 'denuclearisation', and the other is 'Indo-Pacific'. It is unfortunate that these two words are not discussed together. When we discuss either one of them, we are likely to put aside the other. In fact, the Korean Peninsula is marginalised or even out of sight in a number of maps portraying the Indo-Pacific region.

Denuclearisation of North Korea has an origin in the Korean War of the 1950s and therefore, the issue is viewed as the legacy of the Cold War on the Korean Peninsula. However, the issue causes serious concern about the proliferation of Weapons of Mass Destruction (WMDs) as well. If it is true that North Korea already acquired Intercontinental Ballistic Missiles (ICBMs), it means that the threat covers not only Northeast Asia but also the continental US and Europe. It has become a global concern now. Even if we focus on Asia, a close relationship between North Korea and Pakistan in military terms, including arms deal and transfer of nuclear and military technology,[1] is a serious security concern for both India and Japan. While the Americans discussed the possibility of military options on the Korean Peninsula in 2017, the events in 2018, including the summit meeting between US President Donald Trump

and North Korean Chairman Kim Jong Un in Singapore, brought the international community an opportunity of new thinking on the balance of pressure and engagement toward North Korea.

The other keyword "Indo-Pacific" is a vision to deal with a number of different aspects of international security of the region, if not a purely geographic term. It is mainly about China, but it is not a vision to contain China. China is already integrated into the region, particularly in economic terms. China is even the hub of the regional economy. It is impossible and unrealistic for anyone to try to contain China. China cannot be isolated. Nonetheless, there is no denying that it is to address the rise of China. That is why "Indo-Pacific" is prone to China's scepticism. It is a policy to counter China as it is a revisionist power which acts against the rules-based liberal international order. However, it is also a policy to cooperate with China to address global agenda and also to improve the connectivity of Asia, the Middle East and Africa, particularly through quality infrastructure development in accordance with international standards. Competition and cooperation coexist in the concept of the Indo-Pacific. It is similar to the coexistence of pressure and engagement in the strategy and policy toward North Korea.

The strategic concept of the "Indo-Pacific" is discussed usually as a vision for "a Free and Open Indo-Pacific" (FOIP). Non-proliferation is one of the main agenda items of the FOIP vision.[2] The problem caused by North Korea's nuclear and missile ambition are not the only issues just between North Korea and the US but it also relevant in the region as well in the world at large. This issue is relevant to maritime security. It necessitates the cooperation of China, which is the ally of North Korea.

In fact, the Joint Declaration on Security Cooperation between Japan and Australia of March 2007 is often discussed in the context of the vision for FOIP,[3] and the substance of this particular document is much more about non-proliferation of WMDs and also about a war against international terrorism than about China. This fact also indicates that the vision is not simply about countering China.

"Indo-Pacific" and the US

We were accustomed to using the term "Asia-Pacific" until recently. But seemingly the term is being replaced by the new term "Indo-Pacific." While the "Asia-Pacific" is more of a geographic concept than of a strategic concept, the "Indo-Pacific" is more of a strategic concept than of a geographic concept because the "Indo-Pacific" often accompanies two adjectives; "Free" and "Open". Its strategic connotation is much clearer in the new term.

The expression "Asia-Pacific" is a combination of land and sea, whereas, "Indo-Pacific" literally combines two oceans, which are located in the south and east of the Asian continent, a considerable part of which China occupies. The two adjectives, "Free" and "Open," connote countering China's challenge to the rules-based liberal international order. Although there are diverse perspectives on the concept of Indo-Pacific or FOIP in regional capitals, yet there is common approach. They have two faces: competition and cooperation.

In the report, *The National Security Strategy of the United States of America* of December 2017, the US states, "Our vision for the Indo-Pacific excludes no nation." [4] In his speech at Hudson Institute in October 2018, the US Vice President Mike Pence said, "As President Trump has made clear we want a constructive relationship with Beijing, where our prosperity and security grow together, not apart. While Beijing has been moving further away from this vision, China's rulers can still change course, and return to the spirit of 'reform and opening' and greater freedom. The American people want nothing more; the Chinese people deserve nothing less."[5] His remarks at the 2018 APEC CEO summit in Port Moresby, Papua New Guinea were another expression of the same tone: "The United States seeks a better relationship with China, based on fairness, reciprocity, and respect for sovereignty. … China knows where we stand. But as President Trump has said, in his words, we want to 'strengthen the relationship between our two countries and improve the lives of our citizens'… China has an honoured place in our vision of a free and open Indo-Pacific if it chooses to respect its neighbours' sovereignty; embrace free, fair, and reciprocal trade; uphold human

rights and freedom. The American people want nothing more; the Chinese people and the entire Indo-Pacific deserve nothing less."[6] In the earlier part of the latter speech, Pence referred even to the voyage of an American ship called the Empress of China from New York to Canton across the Indian Ocean and into the Pacific for trade and commerce with China in the early days of the American encounter with China in the late 18th century. Although the US policy toward China has become more confrontational since fall 2018, it is not confrontation alone. The above-quoted two speeches by Pence show that the American version of FOIP has two faces: competition and cooperation.

When Donald Trump was elected the President of the US in November 2016, Asian allies including Japan had a concern about the US commitment and engagement in Asia under the Trump Administration because Trump had highlighted the necessity to tighten the US border control and to combat international terrorism, focusing on the Middle East. They wondered what would become of the pivot and the rebalance, which the Obama Administration vigorously promoted. Trump's view of the alliance relationships was (and still is) distorted. His policy toward China was not clear at the time of the election.

However, the Trump Administration had to return to Asia because of the Chinese and the North Korean challenges. The new term "Indo-Pacific" emerged just at the right time to replace the language of the previous administration, pivot and rebalance. The Trump Administration was successful in coming back to the region, capitalising on the new term. Even the world's largest combatant command was renamed accordingly from the Pacific Command to the Indo-Pacific Command. Although there is no change in its area of responsibility, which encompasses the vast area stretching from the waters off the west coast of the US to the western border of India,[7]the change of the name epitomises the importance of this term for the US. The term "Indo-Pacific" is important to the national interests of the US as a maritime nation particularly because the concept literally shows the connectivity of the world's largest and the third-largest oceans.

The Quad as the main driver of the FOIP visions

The Quadrilateral Dialogue of India, the US, Japan and Australia or the Quad is the main driver of the FOIP visions. The reason is clear. These four countries are "the region's leading maritime democracies."[8]

The first attempt of the Quad was aborted due to the change of government, particularly in Japan and Australia, i.e. step-down of Prime Ministers Shinzo Abe and John Howard. However, the return of the Japanese Prime Minister, the growing concern of Australia about China's assertive behaviours and the return of India and the US led to the revival of the Quad.

The birth of the idea of the Quad in 2007 and its revival in 2017 was stimulated by the increasing threat perceptions of China in the face of a rising and assertive China.[9] Japan had carefully avoided being viewed as countering China's influence through establishing a closer tie with Australia, and yet Japan, Australia and the US had institutionalised trilateral security cooperation since the early 2000s based on increasing concern over China's military build-up and assertive behaviour around Japan. Then, Japan shifted its engagement with India because Japan was seriously concerned about China's power and influence and aimed to balance it through the inclusion of other stakeholders in regional cooperation mechanisms. Incidentally, India had been incrementally embedded in security partnerships around the Australia-Japan-US triangle, thanks to the policy change of the US.[10]

Since these four countries face a more assertive China, they should keep up the present momentum for cooperation. However, the national interests of the four countries are not identical. Though the principles they uphold under the banner of FOIP are the same, the difference of their interests must be fully recognised and their policies and strategies must be well coordinated. Policy and strategy coordination should be a constant process, and thus its importance could not be overstated.

Ryusuke Hanada argues, "The Indo-Pacific concept arguably provided a framework within which the Quad can clarify its roles and objectives. Although the relationship between the Quad and

FOIP is unclear, the Quad could be a vehicle for achieving foreign policy objectives under FOIP."[11] As the FOIP vision is just an emerging concept and no unified and clearly articulated concept of FOIP is shared by the four countries so far, he is right in pointing out the unclear nature of the relationship between the two concepts. However, we have to be aware that this is the conduct of practitioners and politicians. In other words, a clear definition of the relationship is not expected in advance of the actual Quad process. If a unified vision of FOIP is established, it will generate a great momentum for cooperation, but a more important thing than just formulating such a unified vision is to share the basic principles necessary to maintain and even strengthen the rules-based liberal international order.

The basic principles buttressing the rules-based liberal international order correspond to the fundamental nature of human beings. If fully observed in good faith, the basic principles will benefit not only the four Quad member countries but also all countries in the world. Therefore, all states must have great interests in preserving and strengthening this international order. As the Quad members are leading democracies in the most prosperous, dynamic and promising region in today's world, they are in a responsible position to lead international efforts to uphold the order.

The rules-based liberal international order is fragile. If the rules-based liberal international order has existed, in fact, it is premature to say that it has truly covered the entire world. It is basically a Western idea. Although it expanded after the end of the Cold War, it is not truly universal. Meanwhile, China is trying to provide an alternative model of international relations, proposing the slogan of "a community with a shared future for mankind"[12] or "Confucian spirit of harmonious coexistence."[13] The rule of law is one of the basic principles of the rules-based liberal international order, but if the Chinese understanding of "the rule of law" in their domestic society is identical with their understanding of the same concept in the international society, their understanding of the term is different from that of the Quad members. Xi Jinping said, "Ensuring every dimension of governance is law-based," and referred to "law-based exercise of state power" and "law-based

government administration." Even though he used the term "rule of law" in this context, he said in fact, "We must… be fully committed to promoting *socialist* rule of law *with Chinese characteristics*". (Italic added)[14] China's definition of "the rule of law" is presumably just "the rule by law."

As already noted, the idea of the rules-based liberal international order is a Western idea. It has reflected particularly the American political system since the age of US President Woodrow Wilson. At the end of the Cold War era, Masataka Kosaka wrote, quoting Denis Brogan's work in 1956 that if given a choice, the public wanted Americanism, i.e. the way of life and democratic culture of the industrial society created by the British.[15] Probably, many people in the world tend to agree with him, but there are many others who are unlikely to agree. Today, the image of the US is not necessarily positive. Instead, the US is portrayed with some negative words such as decline and arrogance. There are so many people on this planet today who have strong resentment toward the US. They are not willing to accept the value of the rules-based liberal international order.

As for Asia, Robert Kaplan argued in 2014, "Indeed, they [Asian states] are new to modern nationalism rather than sick and tired of it, like the Europeans in the early decades following World War II. And so power politics reign in Asia. It is not ideas that Asians fight over, but space on the map."[16] That is why European and American narratives on principles and ideas sound somewhat artificial to the Asians. Although principles and ideas are too important for anyone including the Asians to ignore or dismiss, it is not 100 per cent sure if the principles and ideas of the rules-based liberal international order have been established in a rock-solid manner in the Asia-Pacific or in the Indo-Pacific so far.

The rules-based liberal international order, even if it does not fully cover the entire world, it will continue to generate peace and stability necessary for sustainable growth and prosperity of the globe. Therefore, the four Quad members should intensify their consultation and express their unity by fully sharing the basic principles and ideas of the rules-based liberal international order, so

that they can lead the international efforts to strengthen the order, particularly in the Indo-Pacific region.

The Quadrilateral consultations in November 2017 highlight an important point in this regard. The four countries did not issue a single joint statement. Instead, each of them issued a separate statement. The four statements are, of course, similar to each other, but Japan did not mention connectivity and India did not mention the rules-based order or the freedom of navigation, as pointed out by Dr. Arvind Gupta.[17] Hanada argues that the Quad in 2017 could be considered a collective effort for regional order-building, especially in terms of maritime security and regional connectivity with better legitimacy,[18] but the lack of common language on the freedom of navigation in the four documents weakens his argument. If the reason behind India's lack of reference to the freedom of navigation is the difference of the interpretation of the law of the sea between India and the US,[19] it does not make much sense because it is quite obvious that India is not against the principle of "the freedom of navigation" per se. In order not to mislead China, this gap among the four countries should be filled immediately. This is not about the question if they support the American version of the FONOPS or not, but it is about if they uphold the valuable principle or not.

Although Dr. Gupta did not point out, India did not mention North Korea whereas all the other three countries specifically mentioned it in 2017.[20] When you look at the read-outs of the Quadrilateral consultations of November 2018, you can find certain similarities and certain differences. India maintained its silence on the freedom of navigation and North Korea. None of the four countries mentioned North Korea, presumably because of the diplomatic interactions going on between Seoul and Pyongyang and between Washington and Pyongyang. For another example of the difference, Japan mentioned connectivity, presumably reflecting the improvement of its relationship with China, but did not fail to add an important point: the four countries' "support for … good governance." Also, all the countries except India mentioned the IORA and the Pacific Islands Forum in 2018.[21]

In spite of such difference, the momentum of the Quad remains. It is a necessary building block for regional stability. Therefore, the four countries must make the Quad sustainable in order to keep up the momentum. In order to make it sustainable, it has to have substance, as Tanvi Madan argues.[22] In Andrew Shearer's words, the four capitals should focus on producing results.[23] A similar view can be found in Japan, too. Hanada argues that the Quad could be a result-oriented initiative because the Quad does not have to be constrained by the conventional way of the ASEAN and that the Quad is a forum in which the members share political systems, basic values and strategic perspectives and could be an alternative instrument to bring out actual policy apart from process-oriented regional cooperation frameworks such as ASEAN.[24]

Shearer further argues that the Quad needs to involve defence and other agencies where relevant and that maritime cooperation is an obvious place to start.[25] He is right, but all the four countries of the Quad should take a whole-of-government approach, including military and law enforcement organisations, to promote cooperation, and maritime cooperation should not be just a place to start but it should be the main area of cooperation. Maritime cooperation encompasses a variety of items including Humanitarian Assistance/ Disaster Relief, counter-piracy, counter-terrorism, counter-Illegal, Unreported and Unregulated (IUU) fishing and marine environmental protection. It has a huge potentiality. Needless to say, freedom of navigation and overflight is an important principle to be fully shared and respected. If so, an effective mechanism of maritime crisis management should be explored particularly with the country which does not respect the principle, in order to avoid any mishaps and to keep the situation under control. For this purpose, the Quad could discuss, for example, the possibility of a multilateral agreement on the Prevention of Incidents On and Over the High Seas (INCSEA) and extension of the application of Code for Unplanned Encounters at Sea (CUES) to maritime law enforcement organisations with other regional countries including China.

As Shearer points out, the Quad should be driven by function rather than form.[26] The basis of functional cooperation among the

four is shared principles and interests, and thus, seamless dialogue in every possible level to confirm shared principles and interests is mandatory.

As the basis of such seamless dialogue and coordination, the four countries should share the necessary information. Japan concluded a General Security of Military Information Agreement (GSOMIA) with the US as well as with India. Japan concluded an Information Security Agreement with Australia. Also, Japan, the US and Australia concluded a Trilateral Information Sharing Agreement. Therefore, the institutional basis for information sharing is almost established, although there is no quadrilateral information-sharing agreement. Hanada argues that as the Quad is not an alliance, there would be limits to intelligence and information sharing among the members. He even refers to the fact that Japan is not admitted to the "Five Eyes" community.[27] However, the important thing is not whether the relationship is an alliance or not, but if there is enough trust or not, if their interests overlap or not, and if the framework of such action is established or not. Although it is not sure if the "Five Eyes" is relevant to the discussion of the future of the Quad, his emphasis on the necessity and potential of the quadrilateral cooperation for information sharing should be well taken.

4. Possibility of Quad-plus?

The Quad is the main driver of the FOIP visions. Then each member state needs to be aware that the guiding principles of the visions such as upholding the rules-based international order, respect for international law, freedom of navigation and overflight, peaceful settlement of disputes and equality of all nations irrespective of their size and strength[28] are universal ones, not special to the Quad member countries only. If such principles are not shared by all of the international community, then the principles will not work. Therefore, there are basically three things to consider as follows:

First, the Quad should be more institutionalised. As discussed earlier, sharing sensitive information is already possible even without a quadrilateral agreement on information sharing, but a quadrilateral agreement or arrangement on information sharing

might be worthy of exploring. Also, they may want to establish its permanent secretariat. It will be necessary for the well-coordinated implementation of the FOIP visions. Hanada argues that the Quad should be a coordination mechanism for realising functional cooperation in a range of areas.[29] His view has a commonality with Madan's view and Shearer's view mentioned earlier. Real actions will require an institution. At least, the institution will facilitate actions.

Secondly, the Quad should be networked with other frameworks and networks in the Indo-Pacific region such as ASEAN Regional Forum (ARF), ASEAN Defence Ministers' Meeting (ADMM) and ASEAN Defence Ministers' Meeting-Plus (ADMM+) in order to be integrated into the regional efforts for security cooperation.[30] Each framework has its own strengths as well as weak points. It is necessary to generate a synergy of the efforts by mustering respective strong points and expertise for common security. The Quad should be fully involved in the efforts. Hanada argues that as of 2019, the Quad is low-key and strategically ambiguous.[31] In fact, US Acting Defence Secretary Patrick Shanahan did not mention the Quad in his speech at the IISS Shangri-La Dialogue 2019, even though he mentioned the US security relations with Japan, India, and Australia.[32] However, the *Indo-Pacific Strategy Report* of the US Department of Defence states that the Quad is an important forum to discuss the respective Indo-Pacific visions of the four countries and that the Department of Defence supports the Quad.[33] Japan's new defence policy, *National Defence Program Guidelines (NDPG)* of December 2018 does not mention the Quad while it mentions the Japan-US-Australia cooperation and the Japan-US-India coordination.[34] However, if the Quad should be integrated into the said regional networking efforts, the Quad should not remain low-key. Although in generalities, the Quad members should be careful not to unnecessarily provoke China, such networking efforts will hopefully not elicit a strong reaction from China, because China already belongs to those regional frameworks and networks such as ARF and ADMM-Plus.

Thirdly, the above-said networking is not the only option to promote the function and the value of the Quad. Expansion of the

Quad could be explored in due course, but only based on the shared sense of the universal principles. Like the Quad itself, expansion of the Quad should also be driven by principles. Obviously, principles are abstract concepts. They must be buttressed by specific actions. Therefore, not only the Quad but also its expansion must be principles-based and actions-based.

In practice, the expansion of the Quad will require careful considerations because each member state has different relations with other countries. However, pondering too much about new membership will not bring fruitful outcome. Rather than spending too much energy on the membership, the Quad should think much more of attracting others by the principles and by their sincere attitudes based on the principles. Hanada states that the four members of the Quad can skip the stage of confidence-building or preventive diplomacy among themselves.[35] This statement suggests that countries which are in the stage of confidence-building or even preventive diplomacy vis-à-vis any of the Quad members cannot be welcomed particularly because of the consideration of the efficiency of coordination and cooperation.

The US-centred alliance network in the Asia-Pacific will continue to be the main component of the emerging regional security structure because the alliance network is the most dependable instrument of a balance of power in the diverse region. In this situation, the Quad has a great potential to be an integral part of the regional structure, no matter how the region is called: the Asia-Pacific or Indo-Pacific. Obviously, the Quad is not a part of the alliance network. However, the Quad is different from the ASEAN-based efforts such as ARF, ADMM and ADMM+ because the Quad is a group of maritime democracies and because each of them has considerable national power.

James Carafano predicted the possibility of "a quad 'plus' dialogue that will permit other powers to engage and influence the discussion" of the four. He argued, "South Korea, Taiwan, Singapore, Sri Lanka, New Zealand, the Philippines, and Vietnam are some of the countries that will likely move in and out of the discussions."[36] Presumably, he is referring to these countries with maritime security

cooperation in mind (including non-proliferation). Hanada's view is similar to Carafano's. Hanada argues that any country that shares basic objectives and threat perceptions should be welcomed to the Quad consultation as a "Plus One member" and that France, the UK and individual Southeast Asian states, such as Vietnam and Indonesia, should be qualified to occasionally participate in the consultation under the Quad.[37] This analysis is correct according to this author. If the essence of the Quad is maritime democracy, then a partnership with other maritime democracies and countries which would like to be maritime democracies has a great potential to empower the Quad.[38]

Other like-minded maritime democracies in and around the region should be welcomed, too. France has its territory in the Pacific and its interest in the entire Indo-Pacific, including in the South China Sea, is clearly noticeable. The United Kingdom is also returning to this region. The growing interests of the British in the region is epitomised by the strengthening of its defence cooperation with Japan, in all the three services of the military. These countries should be involved as well. Some other member countries of the North Atlantic Treaty Organisation (NATO) and even the organisations of NATO and the EU will be candidates, too. Shanahan said in his Shangri-La speech, "… while America works with allies within the region, we also leverage our global alliances on behalf of Indo-Pacific security. We welcome leadership from France, Canada, and the UK on asserting navigational rights and upholding the international rule of law. We also thank Germany and Spain for helping to enforce UNSC Resolutions on North Korea."[39] Although Shanahan's point is not about the Quad but about the US alliances, it notwithstanding suggests how the Quad can be expanded. Canada is particularly important as Canada is an Atlantic as well as a Pacific power. We should not forget Canada's national interests in the Pacific. We should not forget another important US ally in the region, *i.e.* South Korea, either. Even if South Korea is not necessarily regarded as a maritime power, its maritime interests in East Asia cannot be denied. It all depends on how deeply the countries share the basic principles and national interests with the Quad countries.

The Indo-Pacific is a huge seascape, and therefore, maritime security and connectivity is the key to the success of the FOIP visions and the Quad. If the principles underpinning the visions are shared by a larger number of countries in the world and these countries are effectively networked to implement the spirit of the visions, it will lead to the stability and prosperity of the entire world.

Notes

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7. United States Indo-Pacific Command, About USINDOPACOM at https://www.pacom.mil/About-USINDOPACOM/. Accessed May 31, 2019.
8. Andrew Shearer, note 3.
9. Ryusuke Hanada, "The Role of US-Japan-Australia-India Cooperation, or the "Quad" in FOIP: A Policy Coordination Mechanism for a Rules-Based Order," *Strategic Japan*, 2019, p. 2 at https://csis-prod.s3.amazonaws.com/s3fs-public/FINAL_Working%20Paper_Ryosuke%20Hanada.pdf. Accessed on May 31, 2019.
10. Ibid., pp. 3-5.
11. Ibid., p. 8.
12. Xi Jinping, "Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era," delivered at the 19th National Congress of the Communist Party of China, October 18, 2017, pp. 21-22.

13. The author of this article heard this phrase several times in "Xiaoxiang Forum in 2019: Northeast Asian Civilizations and the Construction of a Harmonious Region" sponsored and hosted by Hunan Normal University in Chansha City, Hunan Province on April 26-27, 2019.
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17. India and the Idea of Indo-Pacific: A Hesitant Embrace?[1]

Abhay Kumar Singh

Introduction

The idea of Indo-Pacific as a regional construct remains a contested one with a healthy scepticism about its future salience and its impact on regional geopolitics. At the core of conceptual contestation surrounding 'Indo-Pacific' geopolitical construct lies, the polysemous character of the term 'region'. While most scholars heuristically consider the concept of region as taken for granted, "relatively little attention has been paid to such major questions as what is a region, how it 'becomes', how diverging regions exist and how social power is involved in region-building processes".[2] In essence, there are no 'natural' regions, and definitions of 'region' and indicators of 'region-ness' vary according to the particular problem or question under investigation. Moreover, it is how political actors perceive and interpret the idea of a region remain critical: all regions are socially constructed and hence politically contested.[3] This contestation is evident in the debate surrounding the Indo-Pacific construct in the region and beyond.

Though the geopolitical roots of the Indo-Pacific concept have historical roots, the contemporary discourse in policy circles got momentum with Prime Minister Abe's articulation about 'Confluence of the Two Seas' in August 2007.[4] It may not have been just a happenstance that Abe chose the Indian Parliament to unveil this hypothesis. India's key role in the emerging US policy vision for Indo-Pacific was also emphasised by former US Foreign Secretary, Hillary Clinton in 2010.

While India's 'Look East Policy' had led to enhancement of her economic and strategic engagements beyond the Indian Ocean

and into the Western Pacific, there existed perceptible hesitation in embracing the 'Indo-Pacific' terminology in India's policy articulation which could be discerned as wider strategic discourse in India around the geopolitical construct of the Indo-Pacific. The proponent had argued embracement of the 'Indo-Pacific' as a logical extension of India's 'Look East Policy' which makes it natural for India to gravitate towards the centre of this expanded geopolitical and geo-economic space. Sceptics, on the other hand, cautioned against India's strategic overextension on peripheral regional security issues, identifying too closely with the United States and her allies, and also a potential backlash from China pointing to the inherent strategic undertones in the Indo-Pacific concept. PM Modi's clear policy articulation about an inclusive geopolitical architecture of the 'Indo-Pacific' during his speech at Shangri-La dialogue in 2018 indicated a broad policy consensus on the subject. However, some still highlight 'Indo-Pacific' as an 'ill-defined concept' which 'does not fully meet India's security needs'.

The paper, in three sections, aims to thread both sides of the strategic debate around the relevance of 'Indo-Pacific' geopolitical construct for India. The first section traces the evolution of India's foreign policy mental maps which had shaped India's approach towards Indo-Pacific. Indo-Pacific discourses and debates are captured in the second section. The third section argues that Indian policy circles have broadly embraced Indo-Pacific regional construct and crafted an appropriate strategic framework for maximising India's position in the emerging regional and global order.

The Idea of Indo-Pacific- India's Evolving Foreign Policy Mental Map

In India, the idea of Indo-Pacific, in essence, is not new. Seasonally predictable wind pattern of monsoon had facilitated long-distance voyage and fostered maritime connectivity in the Indo-Pacific region for the diffusion of trade and culture even two millennia ago. Even in pre-colonial times, there existed in Asia immense diversity in terms of geography, social composition, history, politics, and economics. However, there existed 'strategic

homogeneity'[5] across the region through interlocking networks of social and economic interactions along through land and maritime links.[6] These interlocking networks underwent significant change during the colonial period and were completely sundered in the imperial collapse post-World War II.[7] The geopolitics of the Cold War further accentuated cartographical separation between the Indian Ocean and the Pacific Ocean. Post-Cold War, imperatives of globalisation resulted in the expanded trade network in the region and beyond. The economic dynamism in Asia's littorals and the unprecedented growth in maritime trade rekindled the legacy of maritime Asia which in turn led to re-emergence of the idea of the Indo-Pacific. Due to fortuitous geographical location and size, India has remained central to the idea of Indo-Pacific.

Nicholas Spykman had famously remarked that "every Foreign Office, whatever may be the atlas it uses, operates mentally with a different map of the world."[8] This mental map is as much a temporal cross-section as a spatial one. Being a composite of past experiences, present observations, and future expectations; these mental maps need to align with the changes underlying geopolitical environment.[9] The resultant cognitive image of geopolitical spaces affects, among other things, the allocation of resources and high-level attention; the prioritisation of security partners among countries; and the membership and agendas of regional diplomatic institutions.[10] The idea of Indo-Pacific in India needs to be seen through this evolutionary paradigm of the foreign policy map.

Proto Indo-Pacific Idea – An Integrated Vision of Asia

At the advent of the 20th century as India began to construct its national identity, recognition of shared civilisation history and common struggle within the region against colonialism became an important part of the national movement. During the 1920s, the idea of an Asian federation to promote the independence of Eastern countries was mooted within India.[11] Progressively, this concept of Pan-Asia regionalism found resonance within the region through 'Asiatic federation' by Aung San[12] and 'Pan-Asiatic community' by Ho Chi Minh.[13] While anti-colonial aspirations were at the

core of these early efforts of regionalisation, it was also seen as an opportunity of restoring historical linkages among Asian societies disrupted during the colonial period.[14]

Rabindranath Tagore was one of the key proponents of 'common bond of spiritualism' in the Asian societies which transcended the narrow definition of nationalism rooted in nation-states.[15] However, this conception of 'Universalist Asia' progressively morphed into a conception of Asian unity through solidarity. Indian leaders envisioned Independent India as intimately connected with her neighbours and playing an important part in world affairs. A conceptual geopolitical mental map of the region included an integrated vision of Asia included maritime spaces of Western Pacific and the Indian Ocean. Writing in the closing years of World War II, Nehru had presciently observed that "The Pacific is likely to take the place of the Atlantic in the future as a nerve centre of the world. Though not directly a Pacific state, India will inevitably exercise an important influence there. India will also develop as the centre of economic and political activity in the Indian Ocean area, in south-east Asia and right up to the Middle East."[16]

Even before Independence, India was a key architect of Asian unity. The Asian Regional Conferences in Delhi (1947) and in Jakarta (1949) focused on advancing decolonisation. These were one of the early attempts of Pan-Asian regional architecture bringing together Asian rim states in the Indian Ocean and Western Pacific.[17] Afro-Asian Conference in Bandung 1955 saw the participation of 29 countries from Asia and Africa. While many argue that the term 'Indo-Pacific' is a recent idea of a regional construct, it needs to be noted that 'Indo-Pacific Fishery Council' was established as a treaty in November 1948[18] whose geographical coverage broadly confirms with the contemporary idea of the 'Indo-Pacific'.[19] India was among one of the eight signatories of this treaty.

Geopolitics of the Cold War and its resultant dynamics for security architecture through military alliances in the region prevented consensus on key issues of regional security and stability. It has been argued that 'Pan-Asianism' espoused by India was probably "an aspirational idea rather than a well-conceived plan"[20]

which "mistakenly assumed the homogeneity of Asia in its imagined community of Pan-Asianism", despite their diverse security needs, political aspirations, and mutually competitive economies.[21] Though the Bandung conference failed to deliver on Pan-Asianism, India's advocacy for creating a neutral block in the ongoing Cold War found its appeal among many third world countries. The Non-Aligned Movement (NAM) emerged out of this endeavour and India shifted its attention away from Asia towards global non-alignment.

Fragmented Asia and Disengaged India

During the Cold War, the evolution of the geopolitical map of Asia could be categorised in two phases. The first phase during late 1950 and through the 1960s, Western Pacific was an arena of intense geopolitical contestations with active wars in North East and South East Asia which contributed towards the consolidation of sub-regional consciousness as North-East Asia and South-East Asia. The economic resurgence of Japan and South Korea along with dependence on the security umbrella of the US provided North-East Asia as a distinct sub-regional character. With the creation of the ASEAN in 1967, South East Asia found its own voice and identity on a sub-regional basis.[22] The Asia-Pacific conceptual framework which was initially defined as security theatre in the Cold War provided the impetus for the idea of the Pacific economic integration.[23] While the sixties defined consolidation of the idea of the sub-regional architecture, the seventies led to the ascendance of the idea of Asia-Pacific during the second phase. With Sino-Soviet schism and US-China rapprochement, sub-regional security complexes of North-East Asia and South-East Asia began to coalesce into a broader East Asia Regional Security Complex with interlocking strategic and economic interests.[24] The Asia Pacific concept progressively developed to become a key framework for economic integration of Pacific Rim countries.

From being one of the leading proponents of the Pan-Asian regional construct, one cannot help but notice the near-complete absence of India in particular and South Asia in general from the Asian regionalisation discourse during this period. India stayed doggedly

out of every conceivable regional conference or undertaking, whether economic or security-oriented, due to its principled objection to be a part to blocs of any kind.[25] In the 1960s and 1970s, India's political and economic relations with Southeast Asia substantially eroded and resulted in "the near-total disengagement of India from Southeast Asian affairs".[26] During the Cold War, India's geopolitical mental map essentially had two frames of references. At the global level, India was a leading voice of weaker states for improvement of the international system. At the same time, India was focussed on strengthening her strategic position in her immediate periphery in South Asia and in the Indian Ocean. India's economic policy of state-led industrialisation was in sharp divergence with liberal economic policies in the wider Asia Pacific which prevented her economic integration in the region.

During the 1970s and 1980s, East Asia and South Asia pursued divergent trajectory both strategically and economically. While South Asia remained fragmented due to adversarial dynamics between India and Pakistan, East Asia was progressively integrating as a region. Economically, the robust economic growth of East Asia sharply contrasted with the sub-par economic performance of South Asian economies. Perception of cartographical separation between its Pacific and Indian Ocean ream was progressively turning into geopolitical reality.

Re-imagined Map of Asia – Look East Policy

Post-Cold War, Asian regionalism witnessed a renewed vigour for inclusivity in economic and political cooperation. Regional strategic uncertainties arose out of impending power vacuum in the region due to the withdrawal of superpowers and growing Chinese assertiveness in the South China Sea and Taiwan Strait.[27] Strategic and economic interests of the countries in the Pacific and the Indian Ocean began to converge.

Beginning in 1991, India signalled a significant strategic shift in its economy and regional engagement. India renewed efforts to reclaim its extensive economic and strategic relations with South-East Asian nations through its 'Look East' policy.[28] The 'Look East' policy was,

in essence, an extension of India's economic liberalisation to seek enhanced trade and investment from the Asia-Pacific countries.[29] India also became active participants in the regional discourse through her membership of ASEAN as a dialogue partner and ARF. In addition, India gave significant impetus towards strengthening her bilateral economic and strategic engagements with countries in the region. In addition to her economic potential and size of the market, India was also seen as a useful partner for providing the necessary strategic balance due to her benign strategic profile. India's outreach to the Asia-Pacific through its 'Look East' policy and establishment ARF could be seen as tentative steps in bridging the perceptional divide between the Indian and the Pacific Ocean. It was becoming clear that India's strategic and economic interests were growing beyond South Asia and the Indian Ocean was becoming important for East Asia.

This re-imagined foreign policy map progressively conceptualised as "extended neighbourhood engagement policy" which had both economic and strategic rationale.[30] Foreign Minister Yashwant Sinha in his speech at Harvard University in September 2003 outlined this broader focus. He stated that "the first phase of India's 'Look East' policy was ASEAN-centred and focussed primarily on trade and investment linkages. The new phase of this policy is characterised by an expanded definition of 'East', extending from Australia to East Asia, with ASEAN at its core. The new phase also marks a shift from trade to wider economic and security issues, including joint efforts to protect the sea-lanes and coordinate counter-terrorism activities."[31] In February 2004, he provided a more clear vision of India's Foreign Policy map. He argued that "the concept of an extended neighbourhood for India which stretches from the Suez Canal to the South China Sea and includes within it West Asia, the Gulf, Central Asia, South East Asia, East Asia, the Asia Pacific and the Indian Ocean Region."[32] While this geopolitical map provides a broader vision of India's regional engagement approach in Asia, the phrase "from Suez Canal to the South China Sea" puts maritime Asia in single geopolitical frame recognising strategic homogeneity between the Indian Ocean and Western Pacific from an Indian perspective.

Re-emergence of Indo-Pacific Idea- India's Hesitant Embrace

At the dawn of the 21st century, the irresistible shift of the global economic and strategic centre of gravity from the west to Asia became a metanarrative of geopolitical discourse.[33] Re-emergence of maritime Asia as a lynchpin of economic growth highlighted imperatives of 'Good Order at Sea' in order to ensure the free flow of maritime shipping and prevent disruption.[34] The regional maritime strategic environment, thus, became the locus regional geopolitics. With limits of the Pacific centred Asia-Pacific enterprise becoming clear, the Western Pacific and the Indian Ocean region started being conceptualised as a single strategic system. The term 'Indo-Pacific' as a geopolitical descriptor of the combined strategic space of the Indian Ocean and the Pacific Ocean, started re-emerging in the academic journals.[35] India had featured prominently in these commentaries as a key factor in this regional architecture-building process.

In addition to these academic formulations, the extant idea of the Indo-Pacific and recognition of Indian Ocean and the Pacific Ocean as single strategic space found resonance when Japan's Prime Minister Abe addressed that Indian Parliament in August 2007 and pointed economic and strategic convergence between the Pacific and Indian Ocean rim as 'Confluence of Two Sea'.[36] The idea of the Indo-Pacific acquired greater salience when US Secretary of State in 2011, highlighting the US Pivot to Asia, described the importance of the "Indo-Pacific basin ... to global trade and commerce."[37] The re-emergence of the Indo-Pacific was embedded in two key strategic developments: the growing strategic importance of the maritime domain; and the ability of Asian rim states to 'transcend' their respective sub-regions amid their growing regional interests and material capabilities.[38]

The term 'Indo' in the geopolitical construct of 'Indo-Pacific' unarguably refers to the Indian Ocean which became 'centre-stage' for maritime trade in the globalised world in the post-Cold War. However, some argue that 'Indo' may as well be construed as a reference to India since the growing economic profile of India in

the era of globalisation was a key factor in the evolution of this geopolitical construct.[39]

India has been a key factor in the evolution of Indo-Pacific idea from its historical roots to its wider prominence today, due to her geographical location and size. It may not have been a happenstance that PM Abe chose to speak to the Indian Parliament on the concept confluence of two oceans. Policy articulations from the US about the conceptual basis of the 'Indo-Pacific' geopolitical construct had recognised the rising economic and strategic profile of India as an important factor.

As highlighted earlier, the strategic connection between the Indian Ocean and Western Pacific was apparent to Nehru. India's pioneer geo-politician, K.M. Panikkar had reflected on the strategic relevance of Pacific for India's maritime security.[40] After a brief interregnum during the Cold War, India's 'Look East' and 'Extended Neighbourhood' policy had inherent recognition of India's economic and strategic interest in the Indian Ocean.[41] While the broader narrative around 'Indo-Pacific' geopolitical construct was analogous to contours of India's foreign policy mental map, 'Indo-Pacific' term began to appear in the policy articulation rather tentatively.[42] India's Foreign Secretary Rajan Mathai in February 2012 simply noted the shift of terminology away from the Asia-Pacific to the Indo-Pacific while highlighting India's growing engagements with Southeast and East Asia, and, increasingly, the Pacific.[43] Prime Minister Manmohan Singh during his address to the Plenary Session of India-ASEAN Commemorative Summit in December 2012 highlighted India's historical ties with ASEAN countries and stated that "our future is inter-linked and a stable, secure and prosperous Indo-Pacific region is crucial for our own progress and prosperity." In 2013, usage of the term 'Indo-Pacific' in the government official articulations became little more frequent.

There existed some hesitation in New Delhi about embracing the idea of Indo-Pacific.[44] Pointing to the hesitant embrace of the 'Indo-Pacific' construct in the policy, Priya Chacko has argued that policy discourse on Indo-Pacific in India has differed from other new ideas about regional engagement in India for two reasons:

> Firstly, the attempt to bring about ideational change in India's regional engagement through the articulation of an 'Indo-Pacific' strategic arc was mostly driven not by the bureaucracy or the political leadership, but by strategic analysts associated with Indian think tanks. Secondly, many of the analysts who are promoting the Indo-Pacific idea in India can be placed within the pragmatist perspective on foreign policy-making, and their framing of the Indo-Pacific concept seeks to bring about much more dramatic shifts in the key operational and foundational ideas that have underpinned the international dimension of India's state project.[45]

The sources of this ambivalence could be discerned through wider strategic discourse in India around the geopolitical construct of the Indo-Pacific and what it means for India. Proponents argued embracement of the 'Indo-Pacific' as a logical extension of India's 'Look East Policy' which makes it natural for India to gravitate towards the centre of this expanded geopolitical and geo-economic space.[46] Sceptics, on the other hand, cautioned against India's strategic overextension on peripheral regional security issues, identifying too closely with the United States and her allies, and also a potential backlash from China pointing to the inherent strategic undertones in the Indo-Pacific concept.[47]

Indo-Pacific Idea – Discourse and Debates

References about the term "Indo-Pacific" in the Indian Publications dates back to 1940s through the writing of Kalidas Nag and KM Panikkar.[48] In contemporary times, it started appearing around 2005 with occasional references in academic journals. However, more robust exploration of this term and its strategic relevance for India began in 2011 in the aftermath of Indo-Pacific articulations by the US. While there existed broad consensus for India's pragmatic foreign policy approach towards closer strategic engagement within Asia within extended neighbourhood concept and also for a shift beyond Ideational mooring of Non-Alignment for 'multi-dimensional and multi-vectored' engagement with great powers, there exists a multiplicity of views about Indo-Pacific concept. The

debate within India about Indo-Pacific construct is similar to with discourse on this concept within the region and beyond.

The Indo-Pacific debate in India could be framed around the theoretical construct of realist vs constructivist, nationalist vs pragmatist and maritime vs continental approach. However, this paper aims to frame arguments in favour or against the Indo-Pacific debate around three core issues which relates to divergent views on strategic geography, geopolitical contours, and ideational re-orientations of India's foreign policy.

Strategic Geography

Strategic geography is considered as "the core spatial assumptions underpinning a state's grand strategy" which defines the geographical remit of its security ambitions most relevance geographical areas to its security outlook.[49] The discourse around identifying India's strategic geography in the Indo-Pacific concept points to three divergences on the geographical definition, maritime vs continental approach, near vs extended periphery.

At the core of the Indo-Pacific debate is lack of a common geopolitical map or a clear geographical definition of the concept notwithstanding the growing consensus on interlocking and overlapping strategic interests transcending the cartographical boundary between the Indian Ocean and the Pacific Ocean. There exist significant divergences about the geographical limits of the Indo-Pacific construct. An expansive combines the Pacific Rim and the Indian Ocean. Some narrower definitions limit the Indo-Pacific to Peninsular India and the Western Pacific. What irks commentators particularly that some of these definitions exclude maritime region in the Arabian Sea and South Western Indian Ocean and its littorals west of India i.e. West Asia, East Coast of Africa.[50] It would be pertinent to highlight that India views the Indian Ocean as a unitary geopolitical space and engagement with Africa and West Asia remain a key element in India's engagement in her extended neighbourhood. There also exists some reticence about the conceptualisation of the Indo-Pacific as a single geopolitical theatre due to diversity geopolitical challenges in the diverse geography

of the region. Shivshankar Menon had argued that "the reason I cavil about calling the Indo-Pacific one space is that if we do, there is a danger of prescribing one medicine for the different security ailments that afflict the Indian Ocean, the seas near China, and the western Pacific."[51]

On the other hand, Indian commentator had viewed the term Asia-Pacific as the semantic exclusion of India and the Indian Ocean.[52] The phraseological fusion "Indo-Pacific" found broader acceptance since it signifies the metamorphosis of two vibrant regions into a singular geopolitical entity, with a strong maritime character blended by Indian and Pacific Oceans.[53] Foreign Secretary Nirupama Rao had pointed that "The earlier concept of the Asia-Pacific had sought to exclude India"; in contrast, "today the term Indo-Pacific encompasses the subcontinent as an integral part of this eastern world". In geographic terms, Indian usage has tended to focus more on the narrower zone of the East Indian Ocean and Western Pacific. Indian Commentators consider expansive Indo-Pacific concept - from California to Kenya - rather unwieldy.[54] A more manageable geographical definition of the concept is broadly understood as "triangular space between India, Japan, and Australia, connecting two maritime systems of the Indian Ocean and the Pacific Ocean". [55]

There exists a significant correlation between the strategic geography of India's extended neighbourhood concept with the broad geographical description of Indo-Pacific which has been a focus area of India's economic and security engagement. There exists also realisation about 'continuum of prosperity' in Asia which – extends from India to Japan in the East and Australia to the South, along with the maritime periphery of the Indian and Pacific Oceans – should be a key priority area for India's external engagement.[56] A stable maritime strategic environment is considered to be the key to India's future growth. Foreign Secretary Nirupama Rao had argued that "since India's development is predicated on a stable geo-strategic environment, as a mature and responsible nation, it is in our interest that we play an active role in the architecture of maritime security."[57] This imperative has been evident in India's proactive approach towards regional security forum and also explains the growing

engagement of Indian Navy in the region. Given this common frames of reference, Indo-Pacific concept ideally should have posed no difficulty in its assimilation in policy discourse. However, one thread of debate about the Indo-Pacific concept revolves around reconciling continental vs maritime orientations of India strategic interest or whether India should be a 'Eurasian' or 'Indo-Pacific' power.

The Indo-Pacific construct has been critiqued due to its excessive maritime focus that neglects the geopolitics of continental Asia.[58] It has been argued that India's security challenges could be termed as territorially vexatious and aspirationally maritime.[59] India's geopolitical context is one that requires the state to pay adequate strategic attention to the continental dimensions of India's national security. Even though maritime capabilities will be an indispensable instrument of the state for the protection of India's growing maritime interest, it will have to be balanced by securing and strengthening the Indian heartland itself where India's core interests lie.[60] Implying that India's vision for Asian security is broader than Indo-Pacific concept, Shivshankar Menon argued that a new Asian order must include "the entire Eurasian landmass" from the "Suez to the Pacific".[61]

While there exists an acknowledgement about India's growing maritime interest beyond the Indian Ocean into Western Pacific, there exist diverse views about India's locus of her maritime strategic interest. In terms of declaratory policy and defence diplomacy, India is certainly looking beyond the Indian Ocean due to her growing maritime trade and economic interest in the Western Pacific which provides a rationale for recognising integrated Indo-Pacific as one singular maritime theatre.[62] It is argued that India should deepen its military cooperation with other countries to "undergird peace and stability in the Indo-Pacific region".[63] Critics, on the other hand, argue that the Indo-Pacific construct may result in India stretching out its resources much beyond its capabilities to act as a dominant player in the vast space called the Indo-Pacific.[64] It is argued that the Indian Ocean is the locus of India's most pressing strategic interests. India should remain focused towards the consolidation of its strategic position in the Indian Ocean.[65]

Harsh V Pant and Abhijnan Rej highlight these issues related to the conceptualisation of Indo-Pacific strategic geography in India.

> On its east, strategic, naval capability, and normative deficits prevent India from playing a larger role in the western Pacific. To its north, a manifest power differential with China – and an uncertain future trajectory of India-China relations – further contributes to India's reticence to play a larger and more robust role in regional security. Finally, to its west, divergent Indian and American positions in the western Indian Ocean, in particular on Pakistan and Iran, prevent the creation of a unified cohesive view of the Indo-Pacific that both countries share.[66]

Geopolitical Contours

One of the predominant critiques of the Indo-Pacific regional construct is about it being a predominant realist and security-driven construct which is different from the Asia-Pacific concept, where regionalism was primarily driven by economic integration and cooperation.[67] Uncertainty related to the nature of China's rise has certainly been one of the key factors in the conceptualisation of the Indo-Pacific factor. China's growing economy and its integration within the region have been a critical driver in regional economic growth. At the same time, China's assertiveness backed by its military power fuels insecurity in the region. The overarching spectre of progressively intensifying strategic competition between the US and China further complicates the regional strategic environment. Indo-Pacific construct, therefore, is perceived by some analyst as a framework to contain China.[68]

India-China relations are indeed complex due to the intricate interaction of geopolitics and economy with the simultaneous existence of strategic rivalry and cooperation. Indo-Pacific construct embodies significant overlap of strategic and economic interests in each other's proximate maritime strategic space. Given this complexity, Indo-Pacific debate in India frames Indo-Pacific debate both as a means for balancing China through a realist frame and also for advocating an inclusive Indo-Pacific framework in order to assuage the concern of China.

Noting China's growing assertiveness, its flagrant disregard of International law and norms and progressively entrenched presence in the Indian Ocean, Indian commentators have highlighting need for adoption of 'Indo-Pacific' concept "specifically and directly in connection with balancing arrangements by India with other China-concerned states."[69] Shyam Saran has pointed out that China's assertive posture has triggered a rapid and continuing build-up of countervailing coalitions in the strategic Indo-Pacific theatre' which includes India.[70] In a similar vein, Abhijit Singh posits that "Maritime Asia still struggles under the yoke of Chinese expansionism, with a permanent Chinese presence in the Indian Ocean and the South China Sea"; and therefore, "the use of the term (Indo-Pacific) to describe an emerging India-Japan-US-Australia alliance as a balance against Beijing is not a distortion of the term's original meaning; it is the fulfilment of it."[71]

On the other hand, critics invoke the spectre of India-China rivalry and exclusionary partnerships that risk antagonising China, one of India's two largest trading partners.[72] It is argued that a degree of ambiguity and equivocality on Indo-Pacific concept serves India's interests in the region. "Direct and vocal engagement with one group will not only run the risk of antagonizing China; it will diminish India's freedom of action."[73] It is recommended that India should instead promote the notion of an inclusive framework of Indo-Pacific. China may become more receptive to the Indo-Pacific over time as the concept gains acceptance in regional discourse.[74]

Imperatives of Ideational Re-orientation

In the post-Cold War period, the structure of the international system underwent significant transformation. India's policymakers have responded with some dexterity to exploit resultant room for manoeuvre. The changed context of global order mandated reconfiguring the principle of non-alignment which had remained at the core of India's external engagements. Non-Alignment 2.0, as it was called, envisaged skilful "management of complicated coalitions and opportunities – in environments that may be inherently unstable and volatile rather than structurally settled."[75] The keystone foreign

policy concept of strategic autonomy was in this context, "a strategic approach which should provide India with maximum options in its relations with the outside world – that is, to enhance India's strategic space and capacity for independent agency – which in turn will give it maximum options for its own internal development."[76] Even though this re-interpretation was the result of a study outside the government, the notion of a reworked concept of non-alignment as 'strategic autonomy' found mention in policy articulation indicating its official endorsement.

This ideational re-orientation and implications are at the root of the debate around operationalising Indo-Pacific. One of the defining features of India's 'multidimensional and multi-vectored' foreign policy was improved relations with regional and global powers. Therefore, the Indo-Pacific construct, as a framework regional architecture, is being seen as a logical extension of India's Look East and extended neighbourhood policy. However, inherent realist undertones in the Indo-Pacific construct as an exclusivist framework for containing China poses an ideational dilemma.

This ideational re-orientation, in the Post-Cold War, allowed India-US relation to transcending historic 'low-level equilibrium trap' defined by structural constraints of the Cold War paradigm. In the Indo-Pacific construct, the US viewed India as a natural partner in balancing rising China and India was highlighted as the lynchpin of Indo-Pacific strategy. Noting this is a key convergence of strategic interest, proponents of the Indo-Pacific idea saw this as a sort of recognition of India's great power status. On the other hand, sceptics saw this as growing expectations from India towards fulfilling her own strategic agenda.

Since US policy articulations on the Indo-Pacific had been rooted in explicit balancing approach inherent in Washington's 'Pivot to Asia', some commentators perceived the Indo-Pacific, not as an evolutionary continuum of regional geopolitics, but as repackaged 'Asia-Pacific' strategy. Manoj Joshi had argued that "the term Indo-Pacific now seems to be a means of including India in the military calculations of US strategy in the Pacific." In a similar vein, a recent paper from Delhi Policy Group has argued that "despite the embrace

of the Indo-Pacific as regional architecture, the US and its two allies are focused mainly on Asia Pacific security; their operational deployments also correspond to the Asia Pacific … [they] play no supportive role in meeting India's continental challenges."[77]

Similar ambivalence exists about Quadrilateral Security Dialogue (Quad) among Australia, India, Japan and US which is perceived by some as 'a quasi-military alliance of sort against China. "Delhi has been hesitant about reviving the quadrilateral – diplomatic or maritime – for a number of reasons. Concern about China's response has been one reason. A second – and significant – factor has been doubts about the other partners' approach to China".[78]

On the other hand, it is argued that over-analysis of the Quad and the cognitive trap behind it have coloured analysts' interpretations of current concepts of the Indo-Pacific region.[79] While coherence of Indo-Pacific regional construct is an evolutionary emergence of space of an area of interaction and interdependence shaped by growing trade, investment, and energy links, the Quad is a reflection of geopolitical anxiety. In the past two decades, countries in the region including Quad members had explored the possibility of accommodation with China. Rather than becoming more sensitive to regional concerns, Beijing responded with greater assertiveness, whether with Japan in the East China Sea, with Southeast Asian states in the South China Sea or with India in South Asia and the Indian Ocean. Though China's coercive behaviour has forced "like-minded democracies" to converge, it's still an amorphous alignment with an inclusive agenda. Quad, at this stage, remains just an informal consultative mechanism among like-minded countries to scope way ahead for regional stability and rule-based order. Therefore much of the commentary about the Quad requiring commitments on the part of India or others, or evolving into a formal alliance, are off the mark or very premature.[80]

There also exist realisation in India that preservation of peace and rule-based order in the Indo-Pacific is beyond capabilities of a single nation and navy. The Quad would be well-placed to form a maritime partnership for the common good and being a member of the Quad has many potential advantages for India given her power

differential vis-à-vis China.[81] It is also argued that India is not only central to the quad but will need to take a leading position if the strategy is to join hands to check Chinese influence in its backyard.[82]

India and Indo-Pacific – Whither Bound?

On the Indo-Pacific construct, the Modi Government since 2014 brought in greater sharpness and clarity on India's vision for the region. It has been argued that the 'Modi Doctrine' is focused on the vigorous pursuit of political influence through diplomacy for India's economic advancement which could help Delhi build up India's comprehensive national power and expand its traditional spheres of influence in the Indo-Pacific.[83] This could be seen in enhanced strategic boldness for expanding India-US defence cooperation, security linkages Japan and Australia, the transformation of Look East Policy to Act East Policy, enhanced engagement with West Asia and Africa, focused cultivation of Pacific Island states as well as Indian Ocean states. India's policy articulations on the Indo-Pacific progressively began providing a more focussed explanation about India's vision and approach towards Indo-Pacific construct.

Highlighting growing relevance of maritime strategic environment, Prime Minister Modi argued that "with a 7,500-kilometre-long coastline, India has a natural and immediate interest in the developments in the Indo-Pacific region." Former Foreign Secretary, Dr. S. Jaishankar, reiterated this strategic thrust "the outer Indo-Pacific circle adds to the security and stability of the inner Indian Ocean one. For the lynchpin of the Indian Ocean, Indo-Pacific represents a conceptualisation of the peaceful periphery on the seas."[84] India's vision for stable maritime order was articulated by Prime Minister Modi's through a framework of SAGAR, which means 'ocean' in Hindi and is described as 'Security and Growth for all in the Region'.[85] This five-pronged approach included: deepening economic and security cooperation; strengthening maritime security capacities; advancing peace and security; responding to emergencies; and calling for respect for international maritime rules and norms by all countries.[86]

The clearest articulation from India on its vision of the Indo-Pacific came at the Prime Minister's address at the annual Shangri La

Dialogue in June of 2018.[87] Acknowledging India's civilizational and geographical linkages due to her central location, Prime Minister Modi considered the Indo-Pacific as a natural region. Modi outlined various elements of India's Indo-Pacific policy framework can be understood under these broad themes:

- *Free Open and Inclusive Indo-Pacific*. PM clarified that for India the Indo-Pacific was neither a strategy nor an exclusive club. Rather, it was a free, open and inclusive vision, open to all in a common pursuit of progress and prosperity. This enunciation re-iterated India's position of its Indo-Pacific vision as not a containment strategy against China.
- Re-*assurance of ASEAN Centrality.* PM characterised the Indo-Pacific as consistent with ASEAN unity and centrality and pointed out that ASEAN had in fact "laid the foundation of the Indo-Pacific Region" and key ASEAN initiatives embrace its geography by including India. Therefore, rather than being divisive or dismissive, India's vision for the Indo-Pacific further reassures and reinforces an ASEAN whose unity continues to be undermined by Chinese influence.
- *Freedom of navigation and overflights*. India has a strong interest in maintaining freedom of navigation in the Indo-Pacific region and Modi has reiterated the importance of free and open maritime space very clearly. India also underlines respect for sovereignty and territorial integrity as an essential element of such order, and equality of all nations irrespective of their size and strength.
- *Peaceful resolution of disputes*. India favours peaceful resolution of the dispute through dialogue and opposes the use or the threat of use of force to resolve competing claims. India emphasises that maintaining peace and stability in the region is indispensable.
- *Respect for international laws*. India insists on a peaceful resolution of disputes, in accordance with international law, including the United Nations Convention on the Law of the Sea (UNCLOS). It emphasises the need for a common code of conduct to have equal access as a right under international law to use of common spaces on the sea and in the air.

- O*pen and stable international trade regime*. India supports rule-based, open, balanced and stable trade environment in the Indo-Pacific region. It emphasised the need for a balanced approach among trade, investment, and services, which will facilitate a level playing field for everyone.
- *Sustainable development of marine resources*: India wants to be a pioneer in promoting the blue economy as a key source of inclusive economic growth in the Indo-Pacific through sustainable tapping of oceanic resources. Modi emphasised the need to strengthen marine research, development of eco-friendly, marine industrial and technology base, and fisheries in the Indo-Pacific region.
- *Maritime safety and security*: India seeks to strengthen the existing security architectures in the Indo-Pacific, anchored by ASEAN-led mechanisms and reiterates the need to enhance strategic technical cooperation on maritime security in creating better and expanded maritime awareness.
- *Fostering connectivity*: to promote regional economic growth and prosperity, India emphasises the necessity of greater physical, digital, technical and people-to-people connectivity.

In framing India's role in shaping the evolution of Indo-Pacific order, Modi emphasised that

- India will be an *enabling power*, seeking to establish a loose concert of common principles and best practices in the region's international relations such that power is exercised in a spirit of self-restraint by its dominant entities.
- India will be a *law-abiding power*, seeking to entrench respect for international law on land, air, and sea such that a new regional order can be constructed by a sense of obligation to rules rather than the creeping assertion of power.
- India will be a *pluralistic power*, facilitating the involvement of the widest spectrum of Asia's stakeholders in the region's endeavours, including within flexible mini-lateral formats that are neither exclusive 'club[s] of limited members' nor 'alliances of containment'.

- India will be a *stabilising power*, prepared to deploy its geopolitical weight to craft an equitable 'balance of interests' within the fast-shifting Indo-Pacific equilibrium.

India's Indo-Pacific vision as articulated by Prime Minister Modi has attempted to address some of the concerns in India regarding Indo-Pacific construct which has been highlighted earlier. There exists clear realisation among policy circle that 'Indo-Pacific' regional construct provides a larger canvas to maximise India's strategic gains which can be seen through India's growing diplomatic, defence, trade and investment, and multilateral relations in the region. India is seen as a champion of the liberal international order through a multifaceted partnership with a diverse group of region, sub-regional and extra-regional institutions. While India has demonstrated proactive approach towards shaping regional engagement through active outreach to partner nations and institutions, at the same time it has demonstrated strategic autonomy through her inclination to pursue its relations with the region on its own terms, pace, and priorities. India has framed her engagement in the Indo-Pacific "not in a 'great power competition' framework, but in a more multipolar and autonomous vision."[88] In accordance with an enduring truism about the foremost consideration of national self-interest, India has fashioned its foreign policy tools in the Indo-Pacific to maximise her national interest.

While the Indo-Pacific construct has now become part of India's strategic discourse, India has also been active in her engagement with Eurasia. There exists realisation that given India's hybrid geography maritime and continental orientation of her foreign policy need not be a binary choice. This geopolitical dynamism is necessary in the current multipolar world. C Raja Mohan has explained that as an emerging power, India "would want to stay engaged with the continental as well as maritime powers with the sole objective of improving its own weight in the world order."[89]

Conclusion

Geography, geopolitics, and geo-strategy constitute in a sense three layers of the international arena which do not remain constant but

move at different speeds and for different reasons. Due to their different patterns and sources of changes, geography, geopolitics, and geo-strategy are not always 'aligned'.[90] The progressive evolution of the Indo-Pacific idea as a regional construct reflects this dynamic nature of geography, geopolitics, and geo-strategy. The section on the evolution of India's foreign policy map has highlighted the imperatives of constant policy adjustment to achieve this alignment. The debate surrounding Indo-Pacific idea within India and also in another part of the world need to be seen as an effort to achieve appropriate alignment of countries' geography with constantly evolving geopolitics through the constant retooling of their strategic policy.

As it has been argued earlier, the concept of Foreign Policy Map defines policy contours of external engagement. Therefore, how India defines its extended neighbourhood has major implications for its policy priorities. A recent survey of the strategic community in India has indicated that the Indo-Pacific is the dominant framework for India's extended neighbourhood.[91] The survey also highlighted that the Indian Ocean, South Asia, and Southeast Asia are the regions of chief importance for Indian interests and the East Asia Summit is considered by the largest number of respondents to be a very important institution for Indian interests. Regional connectivity with South and Southeast Asia and maritime investments are considered among the top foreign policy priorities for India. The finding of the survey broadly confirms with current policy contours of the government in the Indo-Pacific and indicates growing consensus on the Indo-Pacific idea.

Notes

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18. The Indo-Pacific: China's Perception

Zeng Xiangyu

The resurgence of Indo-Pacific concept since late 2017 has been a hot topic for foreign policy and security affairs observers around the world in general and in particular, maritime Asia stretching from North-Eastern Asian littorals to Pan-Indian Ocean region.

The Rise of Indo-Pacific

The Indo-Pacific has long been a natural science/oceanography/ocean biology terminology. Its relevance as a strategic concept emerged as early as the 1920s-1930s, when Karl Ernst Haushofer, a German geo-strategist proposed a concept of "Indopazifischer Raum" or the Indo-Pacific Room.[1] Though the reference of 'Indo-Pacific' was rare, yet it was surfacing from time to time, such as cited by Australian researchers in 1960s, early 2000s and 2005 or so.[2] That, however, was not very relevant to Indo-Pacific as it is today. The recent and somewhat sudden resurface of Indo-Pacific need to be understood from a larger geo-political context with a special reference to US geo-strategy in Asia. Considering this, the "Rebalance to Asia" might be a rightful starting point for discussion.

From 'Rebalance to Asia' to 'Indo-Pacific'

Barack Obama administration in the US developed the Rebalance to Asia strategy. Since late 2011, the US administration started its high-profile 'Pivot' to Asia-Pacific and proceed into rebalancing its strategic gravity back to East Asia. The US economic and security interests, according to *Sustaining U. S. Global Leadership: Priorities for 21st Century Defense*, a strategic document issued by US

Department of Defense, inextricably linked to the development of extending an arc from the Western Pacific and East Asia to the Indian Ocean region and South Asia, wherein it states that the US military will therefore "of necessity rebalance toward the Asia-Pacific region."[3] Interestingly, the "arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia", interpreted as Asia-Pacific during Obama Administration, is in fact approximately identical to the later coinage of Indo-Pacific.

Major elements of such a 'rebalance' as interpreted by the US administration comprises deployment of 60 per cent of US warships (including 6 out of its 11 aircraft carriers) into Pacific before 2020 on the one hand,[4] and consolidation of its linkage with allies and partners with all strength on another hand. The US believed to be more dependent on the deployment of its own naval ships, aircraft as well as troops on short assignments for joint exercises, training and operations with partners, instead of setting up large bases.[5] The US also bolstered its partnership with India[6] and enhanced its alliance with Japan, the Republic of Korea and Australia.

Indo-Pacific: The Origin and Development

The Indo-Pacific as a strategic concept emerged as early as in the 1920s-1930s and later reference resurfaced from time-to-time in the middle 20th century and in early 21st century.[7] Three rounds of discussion on the Indo-Pacific concept, in the recent decade, in fact, made the concept as contemporary.

The first round of such discussion appeared in the 2000s. Japanese Prime Minister Shinzo Abe and his senior colleagues uttered "Arc of Freedom and Prosperity" in 2006. This was followed by Dr. Gurpreet S. Khurana, then Senior Fellow in Institute of Defense Studies and Analysis, in his "Security of Sea Lines: Prospects for India-Japan Cooperation."[8] Mr. Shinzo Abe during his address on August 22, 2007, to the Indian Parliament re-emphasised the Indo-Pacific idea by his comment on "confluence of the two seas." However, the momentum was lost, possibly due to Shinzo Abe's sudden resignation one month later, but more importantly due to the apparent indifference from Washington.

Three years later, the scenario changed. Hillary Clinton, then US Secretary of State, started talking about the Indo-Pacific in 2010. In a speech in Honolulu in October 2010, she emphasised that "we understand how important the Indo-Pacific basin is to global trade and commerce." She mentioned Indo-Pacific again, one year later, when she wrote, "we are also expanding our alliance with Australia from a Pacific partnership to an Indo-Pacific one, and indeed a global partnership," in her paper entitled "Americans' Pacific Century" published in *Foreign Policy* in November 2011. This unexpectedly ended up in the policy called "Pivot to Asia" in 2012 with less emphasis on the Indo-Pacific concept per se. Notwithstanding, this might not be so surprising as it appears to be, considering the fact that Hillary Clinton's reference to Indo-Pacific is more relevant to West Pacific and Australia, instead of the region west of the Strait of Malacca.

The third and most vigorous resurgence of the Indo-Pacific concept came with Donald Trump's high-profile statement and follow up activities of senior US officials and army men around late 2017. In a speech to business leaders in Vietnam, Trump repeatedly called for a "free and open Indo-Pacific." He used the phrase repeatedly during a meeting with Rodrigo Duterte, President of the Philippines.[9] A senior White House official defended the usage of "Indo-Pacific" as "(w)e talk about 'Indo-Pacific' in part because that phrase captures the importance of India's rise."[10] This is a major difference between Donald Trump and Hillary Clinton. Signifying the transformation of dominant discourse from Asia-Pacific to Indo-Pacific, Washington renamed its prestigious Pacific Command (PACOM) as Indo-Pacific Command (INDOPACOM) in late May 2018.

Indo-Pacific and Asia-Pacific: Differed Interpretation of Inter-linkage

As indicated by the previous discussion, the present Indo-Pacific concept may not need to trace its root to the previous two round of discussion, as it is the US instead of any other country (such as Australia, Japan or India) who can revive and keep the momentum. With consideration of this, the Indo-Pacific concept might be interpreted as a successor

rather than a divergence from re-balance to Asia (or Pivot to Asia) policy practised in the second Obama administration. The reason is three-fold. In terms of geographical coverage, 'Pivot to Asia' in effect shifted US strategic attention from the Middle East and Afghanistan or Eurasian heartland eastward to Asian littorals or peripheral rim-land, while the Indo-Pacific follow the same tendency and step further. Externally, both Pivot to Asia and Indo-Pacific keep an eagle's eye on China. If the Obama administration was less explicit, Donald Trump administration is much more provocative. Internally, the 'Pivot to Asia' involves a bigger contribution from allies like Japan and Australia. Likewise, the Indo-Pacific tried to draw bigger contribution and involvement from major US allies in addition to India, a strategic partner with much-enhanced cooperation. A better understanding of Indo-Pacific requires a retrospect to its predecessor, the Rebalance or Pivot to Asia policy.

This unexpected change has resulted in much confusion, which is at times perceived as a geo-political earthquake. For many observers, the relation between Asia-Pacific and Indo-Pacific is far from certain. Some believe that by adding "Indo" while dropping "Asia" signified India-focus paradigm at the cost of other players especially the not-so-powerful ones. ASEAN, for example, might be reduced from a major player to a marginal player.[11] Other analysts emphasise that the "Indo" here can never be interpreted as India; rather, it represents the Indian Ocean region as a whole where India is a major player, but by no means the sole player.[12] However, such perception or misperception has its own logic, as India is anyhow a major and arguably most dynamic player in this region and therefore a linchpin for the Indo-Pacific paradigm. Prof. Chintamani Mahapatra, Rector of Jawaharlal Nehru University, uttered another viewpoint as Asia-Pacific, according to his explanation, can be a sub-category under the greater Indo-Pacific and co-exist with the later with reduced weight.[13]

From Concept to Policy: Less than a Strategy?

A distinction among concept, policy and strategy will be useful for a meaningful discussion of Indo-Pacific. Strategy, as is defined in

encyclopaedia Britannica online, is, "in warfare, the science or art of employing all the military, economic, political, and other resources of a country to achieve the objects of war… it is a discipline of thought as well as a practical art." The Oxford English Dictionary online defines strategy more broadly as is the modern practice as "a plan of action designed to achieve a long-term or overall aim." In brief, a strategy is a cluster of policies working together so as to achieve an overall target which is perceived as of heavy significance. Policy, on the other hand, is defined by the same dictionary as "a course or principle of action adopted or proposed by an organization or individual." The concept in the same dictionary was defined as "a plan or intention," or "an idea or invention to help sell or publicize a commodity," or "an idea or mental image which corresponds to some distinct entity or class of entities."

Put it briefly, the concept is an abstract idea while policy refers to actions. The strategy is systematised organisation and execution of policies in order to realise the target of national significance. A retrospect highlighted a less-noticed fact, that despite being repeatedly and loosely referred to as a strategy, the Indo-Pacific is far less than a qualified strategy in its real sense.

Indo-Pacific as a Concept

As a concept, Indo-Pacific has long been a consideration for many foreign policy/international affairs analysts. Former Indian Chief of Naval Staff, Arun Prakash stated in Shangri-La Dialogue 2009 in Singapore that "as an Indian, every time I hear the term Asia-Pacific, I feel a sense of exclusion, because it seems to include Northeast Asia, Southeast Asia and the Pacific islands, and it terminates at the Malacca Straits. But there is a whole world west of the Malacca Straits." This is a clear indication of India's preference for an Indo-Pacific concept with a geo-strategic connotation. His appeal for an Indo-Pacific concept was corresponded by the speech of the US Secretary of State Rex Tillerson, dated October 18, 2017, which defined Indo-Pacific as a region "including the entire Indian Ocean, the western Pacific and the nations that surround them."[14]

Indo-Pacific as a Policy/Strategy

Notwithstanding being a useful concept, the Indo-Pacific as a policy is too vague and too far away from clear enough. Unlike the pivot to Asia policy, the exact essence of Indo-Pacific has never been spelt out in a clear-cut way. It is uncertain on how it will operate, what will be its framework and timeline, who will offer the leadership (or will there be any leadership). Most of the perceivable operation involves meetings of ministers from the US, Japan, Australia and India.

The repeated discourse involves (1) rules-based order in the Indo-Pacific; (2) freedom of navigation and overflight; (3) respect for international law; (4) increasing connectivity consistent with international law and standards and based on prudent financing and (5) coordinating on counterterrorism and maritime security efforts. This framework, however, can hardly be regarded as real policy, let alone a workable strategy, as it is more not-always-successful coordination than specific policy operation for clear-cut policy targets.

Uncertainties over Indo-Pacific

Although the Indo-Pacific serves as a hot topic for strategic and foreign affairs analysts around the world, the concept suffers from serious uncertainties. This has resulted in a ridiculous scenario where the analysts are not sure whether they are talking about the same thing, despite the same terminology of Indo-Pacific being used.

Difference on Geographical Definition

For the US, Indo-Pacific started in effect from the Eastern Indian Ocean and extended to the central or even east Pacific. Central Indian Ocean falls under the domain of US central command while West Indian Ocean falls under US Africa Command. The US is not interested in an Indo-Pacific Command covering the whole Indian Ocean. The Pacific Command may have been renamed as Indo-Pacific Command, but its jurisdiction remains unchanged. The US developed a bilateral (and recently a trilateral) Malabar joint naval exercise with India. The 3-decades old practice, however, never happened in the West Indian Ocean. Washington agreed to a major

joint naval exercise with Delhi in 2019. This is going to happen in the East Indian Ocean instead of the West Indian Ocean. Such developments signify a very clear Eastern-Indian-Ocean orientation. This constitutes a major difference with India as New Delhi has long been interested with a Pan-Indian Ocean paradigm covering both its east flank and west flank, which naturally put India as the central player. It seems that the two countries can hardly find a meeting point in this regard as of now.

Difference on Policy Orientations

The understanding of policy orientation differed as well. While the US and Japan seem to prefer a more explicit China-centred paradigm, India largely prefers a not so exclusive-cum-confrontational method. The Indian Prime Minister Narendra Modi in Shangri-La dialogue 2018 opined that: "it (India) stands for a free, open, inclusive region, which embraces us all in a common pursuit of progress and prosperity. It includes all nations in this geography as also others beyond who have a stake in it." This distanced India from more provocative discourse uttered by others, such as those from Admiral Harry B. Harris Jr., Commander of US Pacific Command, who blamed China as "provocative and expansionist" power busy with "creating a Great Wall of sand" and "clearly militarising" the disputed waters of the Western Pacific.[15] Dr. Gurpreet Khurana from the National Maritime Foundation (NMF) repeatedly emphasised a more inclusive-oriented conceptualisation of Indo-Pacific. He went on to comment shortly after Donald Trump's reincarnation of the Indo-Pacific idea in late 2017 that "Trump's new Cold War alliance in Asia is dangerous."[16]

In the past decade, China had uneasy relations with Japan occasionally. However, the bilateral relations, after the tension of almost one decade, much ameliorated in 2018. Shinzo Abe visited China in 2018. He received President Xi Jiping's visit in late June 2019. The re-started high-level political engagement might be an indicator or predecessor for a more robust economic linkage. Its relevance to Tokyo's understanding of Indo-Pacific is yet to be observed.

Leadership? Quad, ASEAN Centrality and Others

Another major uncertainty on Indo-Pacific is its framework in general and leadership in particular. No one is very sure on what will be a workable framework for the emerging Indo-Pacific and how it will operate. The relation between Indo-Pacific and Quad is equally puzzling. In fact, Quad till now seems to constitute the only tangible element (or an anchor, as perceived by some observers)[17] inside Indo-Pacific. Is this going to offer a collective leadership to Indo-Pacific? Is it to be a core group enjoying some prestige inside a loosely organised Indo-Pacific? Is it a distinct initiative parallel to Indo-Pacific? Such questions have never been properly and officially answered. Adding confusion to uncertainty is the obvious discord over Quad itself, covering differences of national interests, different preference in their engagement with China and very big uncertainties over Trump Administration.[18]

The ASEAN centrality constitutes another major uncertainty. In principle, no major player uttered disagreement with the ASEAN centrality. In reality, however, the centrality itself needs clarification. The centrality discourse seems to indicate a political centrality instead of a geographical centrality. However, ASEAN at present is not being involved with the development of the Indo-Pacific discourse. More importantly, Donald Trump's America First Policy renders no-confidence over the centrality of anyone other than the US itself, be it ASEAN, India, or Japan. On the other hand, ASEAN centrality as literally interpreted might contradict with the concept of Quad, which is being perceived by many as leadership or locomotive. In a word, Quad leadership and ASEAN centrality can hardly work together.

Although the interpretation of Indo-Pacific varied, one thing is clear: the US will try to keep its own leadership in one way or another. In such a context, any future leadership will have to incorporate a pivotal US role. That is going to create more confusion than clarity.

Conceptualising a Chinese Response?

Not surprisingly, Beijing proved to be very prudent if not cautious over Indo-Pacific concept, since much of the available narratives on

Indo-Pacific is more or less relevant to if not against China. The official evaluation as of now can be described as prudent, cautious yet un-determined.

Prudent Evaluation

It is noteworthy that the Chinese Government has not endorsed nor rejected the Indo-Pacific concept as yet; rather, it simply has not uttered an official response. The only available official comment (very briefly) was uttered on March 8, 2018, on the sideline of the National People's Congress (Chinese Parliament) annual session. [19]Answering a question on whether the Indo-Pacific concept constitutes a containment to China and a counterbalance to BRI, the Chinese Foreign Minister cum State Councillor Mr. Wang Yi said: "there was no shortage of headline-grabbing ideas, but they were like the foam on the Pacific and Indian Oceans that gets attention but will soon dissipate." He further emphasised that "contrary to the claims made by some academics and media outlets that the Indo-Pacific Strategy aims to contain China, the official position of the four countries is that it targets no one. I hope they mean what they say, and that their action will match their rhetoric." However, this need not be interpreted as discomfort over the Indo-Pacific idea as it is, in fact, a response to "whether Indo-Pacific constitutes a threat to China and BRI" instead of Indo-Pacific per se. That is why he also commented at the same occasion that "people looking to start a new Cold War are out of step with the times. And inciting confrontation will find no market."[20]

Another quasi-official response is relevant to Mr. Wang Yi's surprise in August 2018 over the marginal amount (113 million USD) of the first phase of US economic investment under the Indo-Pacific concept. Upon hearing this, he said "I was wondering if I misheard the information? I thought it should be at least 10 times that amount for a superpower with such a GDP."[21]

The third occasion when Wang Yi spoke about the Indo-Pacific is on February 9, 2018, when he met with the Indonesian Foreign Minister. Hailing the "Indo-Pacific Cooperation Concept" proposed by Indonesia, Wang said China agrees to its open, transparent and

inclusive principles, as well as its general guideline of dialogue and cooperation. This is however on an Indonesian version, instead of the much-talked-about US version of Indo-Pacific.[22]

This, however, need not be interpreted as indifference, since there are enough cases indicating a strong concern on Indo-Pacific concept. For example, the prestigious national social science foundation granted funding to 8 research programmes on the Indo-Pacific in 2018, within a half year after Donald Trump declared his high profile endorsement of Indo-Pacific in Vietnam. As a comparison, the previous financial support to research programme on Indo-Pacific was granted in 2014, one year after Hillary Clinton as US Secretary of State made her speech on Indo-Pacific. The Chinese researchers published at least 106 papers within 2018, overwhelming all publications (54) in all previous years. Considering this, the prudence from government sources might be an indicator of serious evaluation and prudence instead of indifference. The future response might be based on its evaluation and the future trajectory of the strategy.

Indo-Pacific Per Se is Not Necessarily a Headache for China

Much of the available literature (from both Chinese and foreign sources) on the Indo-Pacific indicate a negative impact on China. However, that might not be the whole picture. In fact, the inter-connectivity between the Pacific and the Indian Ocean is in the interest of China as well. China has developed a very strong dependency over sea lines of communication across the Indian Ocean and the West Pacific. The land route through Russia and Central Asia in addition to potential diversification effort through Myanmar or Pakistan or other places can hardly ameliorate the situation to a large extent. Sea route will anyhow remain a major concern for China and other stakeholders. Considering this, Indo-Pacific, in certain conditions, can be a workable framework for all stakeholders inclusive of China. In fact, it is noticeable that there is more than one version of Indo-Pacific. China has uttered its support to Indonesia's proposal of its own version of Indo-Pacific cooperation. Narendra Modi's interpretation of Indo-Pacific was not unnoticed in China.

However, a hard reality remains that there is no guarantee of US preference of an open and inclusive version of Indo-Pacific instead of a closed and confrontation-oriented one. The present Indo-Pacific concept, like it or not, will largely be determined by Washington's intention instead of that of others, inclusive of major allies and rising partners.

Persistent to Developing Parallel Initiative Such as BRI for a Truly Open Regionalism

An inclusive Indo-Pacific is in the interest of China, while an exclusive one is not. China may need not to stick to Indo-Pacific since its future trajectory is very uncertain. China is advised to develop a parallel initiative, which need not be directly targeted against Indo-Pacific. In fact, no matter Indo-Pacific or not, a really open and free regional order is in the interest of China. The Belt and Road Initiative uttered in 2013 is not a response to Indo-Pacific as it emerged much before Donald Trump's Indo-Pacific concept. However, when the Indo-Pacific concept is developing, China needs to further enhance cooperation with BRI partners. This need not be an offset to the Indo-Pacific. Rather, this is instrumental to develop an effective cooperation matrix in transcontinental size so as to effectively bolster the comprehensive development of China and partner countries. China will be thereby in a better position to both develop engagement and to deal with challenges.

BRI as a major regional cooperation initiative enjoys unprecedented uniqueness considering its geographic coverage in inter-continental scale and comprehensiveness covering cooperation on people-to-people contact, trade, finance, infrastructure and policy coordination. One shall not be surprised with both progress and setback for such a huge programme. In fact, China understands the complex dynamics and is at present doing intensive/extensive work in order to fully unleash the cooperation potential while effectively manage or deal with challenges from the political, economic and diplomatic front. China in the past was unprepared with opportunities and challenges associated with overseas investment. However, there is no other way than learning from doing, and doing while learning.

Effective Management of Discord with Partners and Neighbours

China does have differences with neighbouring countries including minor policy divergence, but more importantly some grave disputes such as Diaoyu Dao/Diaoyutai/Senkaku disputes with Japan, South China Sea dispute with Vietnam/the Philippines and others in addition to a border dispute with India. Such disputes are complicated and therefore, can hardly be resolved in recent future. However, effective management of disputes is the need of time which requires further devotion, patience and wisdom. This is not going to be an easy job. The good news is that recent development is more encouraging than discouraging. China and India managed to put the Doklam standoff in 2017, a major and unprecedented crisis for China-India relations, under control and developed an enhanced mutual understanding later on. Progress has been made on negotiating a South China Sea Code of Conduct. Tensions in the East China Sea have been downgraded. Effective management of discord is of dual importance as it is in the interest of all parties on the one hand and can offer a bigger space of manoeuvre to deal with or engage with Indo-Pacific on the other hand.

Reject Monopolised Interpretation of Rule and Law

The Indo-Pacific emphasised on rule-based order and respect for international law. This is a principle that no country in the world inclusive of China, US and India can disagree with. In fact, what worries China is the undercurrent beneath the politically correct rules and laws discourse. China cannot accept a monopolized interpretation of rule and law and self-claimed regional police with a self-empowered international jurisdiction. Put it simply, there is a real danger that this rule discourse might be used as an umbrella to cover politically-motivated targets at the cost China. In fact, the Quad members or more importantly the US does not bother to clarify what is the essence of the rules they frequently refer to. The urgent questions of whose rule, what rule, who defines the rule has never been clarified. Taking freedom of navigation as an example, notwithstanding disputes with some littoral neighbours, Beijing has

not blocked any commercial shipment or overflight. Like many other countries, Beijing does have a concern over the navigation of warship and military aircraft especially those relevant to a superpower in the neighbouring region. However, the US warship shipment and military aircraft flyover are as frequent as it was.

Then what can China accept in this regard? China can accept UN-Convention-based rules such as respect for sovereignty and territorial integrity. China can also accept rules based on Panchsheel (five principles of peaceful co-existence), such as mutual non-aggression, mutual non-interference in each other's internal affairs, equality and cooperation for mutual benefit. This does not preclude other rules but China needs to be taken on board when negotiating such rules. Otherwise, China can hardly be convinced to take such rules.

Tit-for-Tat Response as the Last Resort

The Chinese Government is trying to make an evaluation of Indo-Pacific and thereby has not made a clear-cut response. This is reflected in the Chinese foreign minister's comment in March 2018. However, the recent discourse on Indo-Pacific is not always encouraging as it in many occasions seems to imply a system (perhaps Quad or Quad +/-) at the cost of China. Some analysts are openly calling for a de-facto alliance to keep the relevance of the so-called award on the South China Sea and enhancement of a so-called navigation freedom effort in addition to fill-the-power-vacuum effort in the short run and strengthened armament input to the region in the name of keeping a balance of power in the long-run.[23]

If, and the author hopes not, the Indo-Pacific proved to be a design aims to contain China, Beijing might be compelled to make a very strong response in a tit-for-tat instead of a more cooperative way. That will, of course, be the worst scenario for all as it will definitely bring about the very grave consequence for all. At the same time, Beijing might try to seek possible compromise with the US, as is the practice on the present China-US tariff war. However, every stakeholder will have to pay a heavy price before a substantial compromise shall be reached. More importantly, it is players with

immediate proximity instead of others might suffer the most from the very beginning. Obviously, no stakeholder, and China in particular, prefers this worst scenario. However, real inclusiveness and open-mindedness are needed for the emerging Indo-Pacific so as to avoid the worst scenario.

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19. Russia's Vision of an Asian Security Order

Georgy Toloraya and Valeriia Gorbacheva

The 21st Century is often called the "Asian Century" due to spectacular economic growth of China, "Asian dragons" and more recently – India, as well as the increasing influence of Oriental powers in global affairs. In fact, these tendencies were envisaged almost a century ago, when in 1924, Karl Haushofer used the term "Pacific Age."[1] "A giant space is expanding before our eyes with forces pouring into it which await the dawn of the Pacific age, the successor of the Atlantic age, the over-age Mediterranean and European era."[2]

Also, the name is attributed to Deng Xiaoping's discussions with Indian Prime Minister Rajiv Gandhi and started to be widely used in US political science and political discourses in the 1980s. The concept of the Asian Century is related to the description of the 20th Century as the American Century, and the 19th Century as Britain's Imperial Century. However, what countries and territories were meant to be the "rising" ones was never made clear.

Up to this day, the issue of geopolitical configurations in Asia is still not clear and the definitions of the area in question are not fully agreed on. Especially due to the recently increased spread of the different new concepts what is implied by Asia in geopolitics is far from clear. These kinds of geopolitical constructs, in fact, dilute the real problems of regional connectivity, joint efforts, and common regional fate.

Anybody knowledgeable in foreign policy and area studies would admit, that the vast area of the globe, commonly referred to as Asia, comprises dozens of different nation-states and even civilisations, having different sets of priorities both internally and externally, facing vastly different problems and unevenly involved

into the globalisation process. Therefore, the need is obvious to suggest a concept of clear division within the geographical limits of Asia and the Pacific and differentiate the political strategies of other geopolitical actors towards each area.

These issues are not paid much attention to in Western IR theory and political science. The motivation to downplay the power potential in the Asian rising states is illustratively articulated by Kenneth Waltz who argued: "it would be ridiculous to construct a theory of international relations based on Malaysia and Costa Rica."[3] The Western IR scholarship is heralded by the notion that one should concentrate "on the states that make the most difference"[4] as other actors simply adjust their behaviour according to trends set by great powers.

The essence of such approaches is illuminated in the notion of benign hegemony. That is the name given to American dominance in the theoretical swaths of international relations by John Mearsheimer. The author believes if one is not suppressed and ideas of US origin would be spread and shared universally, then the discipline does not experience the need to "broaden its horizons."[5] Others use even stronger rhetoric arguing that the Gramscian hegemonic status of Western IR binds all the latecomers to adjust and fit the given framework.[6] This is especially true with respect to Asian studies.

Russian scholars usually follow suit, concentrating their attention to global problems mostly on Euro-Atlantic. This is a tendency established long ago. As IR theory formation in Russia was affected by the Soviet power that prescribed "the most advanced" Marxist-Leninist philosophy to all social studies, the process of opening up to the world implied an unavoidable period that Russian scholar Bogaturov called "a paradigm of absorption."[7]

Before introducing new concepts into theoretical discourse to learn the predecessors' studies is a must. The 1990s period in Russia is characterised by a massive inflow of Western ideas and IR literature to the national market; intensified translations of books on this speciality; implementation of Western textbooks into the IR educational programmes; and the rise in overseas educational and business trips. Besides Russia, a similar pattern can be evidently traced in India and China.

One of the classics of the Leftist IR theories Immanuel Wallerstein distinguishes three macro-regions of the world: core, semi-periphery and periphery, where the first group parasitises the latter, advancing itself at the expense of underdevelopment in the Third World.[8] He argues that neither economic development nor backwardness is essentially natural as they reflect unequal international relations. A prolonged redistribution of goods from the periphery to the core has resulted in "dependent underdevelopment" of the South. Moreover, he is convinced that underdeveloped states are doomed for perpetual backwardness.[9] This phenomenon invigorated the idea of neo-colonialism defined as non-military economic exploitation of former colonies.

From Wallerstein's perspective, most of the Asian countries should be allocated into the category of semi-peripheral states. Here again, we see a deliberate generalisation of Asia ignoring the differences between different actors. He means that the in-between status of this unit predisposes some specific functions that are transferred to semi-periphery. One of these duties is a tension defusal or, as Wallerstein puts it, "these middle areas partially deflect the political pressures which groups primarily located in peripheral areas might otherwise direct against core states."[10] Here again, we see the generalised West (or core) – centred approach.

Therefore, the vision of the world as centred around the "core" countries became universal. And these views tend to neglect Asia as mostly the "Third World".

The civilisational approach, bases on the notion of Judeo-Christian civilisation as the supreme one leads to neglect of Asia's specifics. In his book *The Eurocentric Conception of World Politics*.[11] Hobson researches six deep-seated myths that cause profound Eurocentrism in IR. The first – "foundationist" – myth is dedicated to the benign origin of contemporary IR theory that was an offspring of World War. Hobson traces Western theories back to 1760 to prove that they were Europe-defensive and Europe-centred from the very beginning.

The second "positivist" myth is aimed to convince us that theories provided by the West are epistemologically and ideologically neutral.

The linear and evolutionary nature of mainstream IR theories is buttressed by "great debates myth". Next "victims" of Hobson analysis are the nexus between sovereignty and anarchy (myth number four) and globalisation that allegedly was suggested as a theoretical hypothesis much earlier than is stated (the fifth myth).

And finally, the last myth roots in minds – the idea of "great theoretical traditions" existing in IR scholarship. By traditions, the author means accepted as worldly linear knowledge concepts of Fukidid and Hobbes, Machiavelli and Waltz and many others.[12] Acknowledging the value of the above-mentioned exposure one can hardly deny the significant contribution of European and American IR scholars.

Recalling Hoffmann's statement about American dominance in IR studies,[13] a few decades later another American scholar, Stephen Walt, came to the same conclusion. In the broader line of inquiry, he sees the roots of theoretical exclusion in the limitations of political regimes. For instance, in his opinion China cannot allow a wide range of thought and debate inside the country, what is more, concentrating the intellectual potential within several key gatekeepers instead of making the entire academic market competitive.[14]

Indeed, according to Kristensen's analysis,[15] the whole number of IR articles produced in China are written in 4 top IR institutions (CASS, Fudan, Peking, and Tsinghua University) that can partly acknowledge Walt's supposition. However, Kristensen demonstrates that within the cradle of social science – in the US – distribution of intellectual potential is not extremely different from the "marginal" states of India and China with only seven US states accounted for 50% of all US-made articles.[16]

Why Western school dominates the field:

- Western universities retain the leadership in the field, in the size of the intellectual market, methodological and theoretical findings, financing, etc.
- The English language enjoys a dominant position of world language facilitating the communication between scholars from English-speaking regions and the publication of their studies in leading IR journals.

- A wide set of non-governmental organisations, independent institutions, and think tanks have IR issues in their agendas.
- A massive granting system is aimed at financing diverse IR projects, books' publishing, international conferences, academic mobility, etc.[17]
- A vast programme for educating non-Western scholars encompasses the intellectuals from all parts of the world, thus acknowledging their further findings as American.[18]

As A. Tsygankov argues, "The development of global social science should not be a unilateral process where there is only one teacher (the West) and all the others are learners."[19]

So, the reasons for generalising "Asia" in theoretical research is now clear. The inventor of a collocation "Rise of the Rest" and simultaneously an adherent of post-American outlook Fareed Zakaria in his book *Post-American World* concludes that the era of America is being displaced by the ascendance of the emerging states. He explains the willing of the developing world to play a proactive role in the international system by a "pent-up frustration with having to accept an entirely Western or American narrative of world history."[20] However, what areas the countries in focus belong to and why they should be treated in an equal manner is not specified.

The idea of regional self-presentation with local peculiarities taken into account is a step forward. Some Western theories do not leave any room for cultural manifestation leading to excessive generalisation and limited explanatory power.

The ethnocentric factor explains why the intellectual products from the West difficulties have in adjusting to a non-Western setting. The Russian scholars recall "shock therapy" in the transition to a market economy that was borrowed by Russia in the 1990s and failed and multiple examples of unsuccessful democratic transitions that stumbled in the uncommon conditions.[21]

What about non-Western IR concepts? In Asia and the Pacific countries, the issue of "Asianess" and local identity started to be discussed in the 1980s, mostly in connection to the rise of ASEAN. In the 1990s the theory of "Asian values" was promoted (codified in

the Bangkok Declaration of 1993), which emphasised the principles of sovereignty, self-determination, and non-interference in civil and political rights. The "Asian ideals", not limiting themselves to Asia only, as guiding principles of states' activities boiled down to social harmony, socio-economic prosperity and the collective well-being of the community, loyalty and respect towards leaders and authorities, collectivism and communitarianism. Again, what nations and states were supposed to be the drivers of these values was not defined. However South-East Asian nations are supposedly in the lead. One can recall the non-intervention principle enshrined within ASEAN states. As a relatively weak group of state, according to He, ASEAN tried to impose its normative power on strong neighbours, such as China and the US keeping sovereignty as a basis for the framework of cooperation.[22] ASEAN posits its policy on the ideas of cooperative security that resembles, for instance, the European Union but also complement it with "regional solutions to regional problems."[23] ASEAN prefers dialogue and mutual trust in political transformation and binding enforcement. That is a reason why the European Union's model of socialisation does not suit for export in developing states and that might be quoted as a vivid example of the non-universal character of Western concepts reflecting the general need to clearly define the area and its specifics before suggesting theoretical conceptualisation.

Another example of attempts to modify and "Asianise" established theories can be traced in Japan. Inspired by English school as a referent model of non-Westphalian inclusive politics Japanese academic community stand for autonomy as an indigenous idea.[24] In other words, scholars from Japan attempt to find a balance between upholding the dialogue with the West and preserving the national uniqueness. This concept is supported by historical evidence of the middle position of Japan between the colonisers and the colonised.[25]

Parallel to other actors in the Asia Pacific, the People's Republic of China was preoccupied with the agenda to delineate national specifics in world politics as well. In the 1980s the Chinese academic community started coming to terms with the initiative to develop an IR school with Chinese characteristics. Similarly, to the path of

mainstream IR theory, Chinese scholars had three rounds of "great debates." During the first of them, several groups of academics argued whether they need to separate from the global discourse and create a new theory with a Chinese perspective. In the 1990s another round of debates has unfurled with a central question put in front of realists and liberals the following way – "what is the best way to realise national interests of China via theory?" Once again, the diverse postures have led to simultaneous advancement of various local strands. The last stage of debating has occurred at the beginning of the XXI century and sought to specify the appropriate approach. Universalist stance and traditionalist, one are considered as the main contenders.[26]

Chinese theoreticians promote aspiration for sharing the burden of global responsibility with fellow states. The pattern can be traced in moral realism strand developed by Yan Xuetong. Yet, the core goal of the author is to justify the peaceful rise of China he pays attention to the constellation of other actors in the portrayed China-centric model. In his view, the international system should be harmonised in regard to rights and responsibilities of states, different political regimes' coexistence and strategic reliability.[27]

Another independent strand was introduced by Yaqing Qin who reinvigorated the notion of relations (guanxi) as a unit of power and incorporated it into relational theory. He noticed deep-rooted differences in the understanding of the nature of polar binary in Western and Chinese thought. The Western philosophical tradition understands the universe as a room for two polarities in relations of perpetual dichotomy. Chinese scholars, conversely, provide a more positive template of yin and yang as two correlated parts of an organic whole that strive for universal harmony. In other words, the adherents of the relational theory argue that there is no such phenomenon as incompatibility in world politics and relations among states are of fundamental importance.[28]

How these theoretical issues could be applied to the object of this research, namely, the definition of the nature of the term Asia and its place and role in geopolitics?

More than hundred years ago, Mackinder argued that the Earth's land surface was divisible into the World-Island (Europe, Asia, and Africa), the offshore islands (including the British Isles and the islands of Japan) and the outlying islands (including North America, South America, and Australia; and the Heartland lay at the centre of the world island, stretching from the Volga River to the Yangtze River and from the Himalayas to the Arctic.[29] These ideas lie in the base of numerous Eurasian theories, now especially popular in Russia, the conclusion from which is that "Russia is both European and Asian power".[30] However, what is Asia not only from a primitive geographical perspective but from a historic, civilisational and geopolitical point of view is not clearly defined by the Eurasianism's adepts.

So, finally, what is Asia? In fact, the territory to the east of the Ural Mountains from time immemorial was called by Europeans Asia. In fact, it was the name of everything known in this era which was not Europe on the Eurasian continent from the Bosporus to Japan (up to the place "where the sun rises").

After the increased US involvement in Asian affairs in the wake of the Second World War, the term Asia and the Pacific started to be used widely, connecting the US directly with the region. Now the general understanding is that Asia and the Pacific is "the part of the world in or near the Western Pacific Ocean. It typically includes much of East Asia, Southeast Asia, and Oceania. The term may also include Russia (on the North Pacific) and countries in North and South America which are on the coast of the Eastern Pacific Ocean".[31]

The term has become especially popular in economics and politics since the late 1980s due to globalisation, as most of the nations within that area are emerging markets experiencing rapid growth. The APEC basic framework adds Pacific-facing Latin American nations to the region, with Australia and Oceania considered part of the APR as well. So, it stretches all the way from the Arctic to Antarctica.

Lately, a construct of Indo-Pacific has emerged, supported by India and now enthusiastically embraced by the US (in fact, this term

was widely used by the US Navy to describe the area of responsibility of PACOM, ignoring geographical and natural borders). It includes, in the eyes of US strategic planners, the Indian Ocean up to the coast of Africa and in fact covers the most of the Third World. However, Indians see it differently, talking about "two oceans, two continents" (meaning South Asia and Africa) and not including the vast Pacific territory.

As such, due to its civilizational, political and economic diversity and poor logistical connectivity, countries in such an Indo-Pacific area has little in common with each other and this area hardly deserves to be called a "region" at all. The reason for its introduction and promotion by the US is widely believed to be the need to bring India into a scheme to "encircle" China as a US chief global adversary and to create Quad – a union of "ocean democracies" against the totalitarian empire. India seems not to share this concept but is aptly using its implications to contain China. Indian scholar Abhijnan Rej from the ORF sets as India's important foreign policy goal to "Engage with the two great continental projects: the Indo-Pacific and Eurasia" and does not agree with US concept of Quad as a "diamond of democracies".[32]

Such "artificial regional" concepts also undermine the true meaning of regional cooperation and security, leaving all the "supranational" governance in the hands of existing global regulators.

In the case of Asia that might not work. As the name Asia might be a misnomer by Ancient Greeks' standards, we suggest to single out an area which is quite distinct and separate. It is geographically limited to Eastern (not Northeast Asia, which includes Pacific Russia) and South-Eastern Asia (see Map 1). *It stretches from Mongolia and Russian Far Eastern provinces in the North to Indonesia and Papua New Guinea in the South, and from Myanmar in the West to Japan in the East.* The homogenous nature of this area, which we tentatively designate as "Core Asia" or "Kernel Asia" is the bedrock of regional identity. It has common racial, cultural, religious, and civilisational peculiarities, making "Asians" quite noticeable in any part of the world. Core Asia is the heartland of unique ancient

civilisations and long state history, unlike other parts of the globe. It also has a distinct cultural identity developed from a common mould. If we speak about foreign policy concepts, the actors here are united in adhering to the primacy of nation-state as compared to liberal values (such as human rights), the primacy of sovereignty (sometimes close to nationalism) and tendency to pursue zero-sum policies.

Map 1

Source: Made by Authors.

It is home to 2,261 million people (30 per cent of the global population), producing $21,468 billion (27 per cent of global GDP), generating $4,652 billion (30 per cent of global exports).

That is not to say that Core Asia is regionally integrated, homogenous and enjoys similarity in policy goals and approaches. On the contrary, this is the home to most acute interstate contradictions, ranging from geopolitical competition between Japan and China and animosity towards the former on the part of many Asian nations to numerous local conflicts, many of which include China and neighbouring countries, with an extreme case of confrontation on the Korean Peninsula.

Core Asia is the homeland of the so-called "Asian paradox" – economic growth and interdependence do not automatically ease security issues, the opposite is often the case.[33] The intra-regional problems in this area are real and multi-fold – territorial conflicts,

natural and man-made disasters, epidemics, ecology, transnational crime, economic contradictions and integration issues. These problems, although part of the global agenda, can be most effectively solved within the region, which has an established state structure, systematic international relations mechanisms and established regional international organisations.

Out of the whole Indo-Pacific area, the Core Asia is most influential both politically and economically and though not unified, projects its influence both regionally and globally.

Of course, there may be a question, why Central Asia, politically and economically very much connected, is not included into Core Asia (such a logic would suggest that even Tibet and the Uigur region, ethnically and racially different from the Core Asian nations, should have some different identity, although they are part of China). This is an issue for ethnographers and historians to discuss, but as of now, these areas are more connected (not necessarily politically, but culturally and even logistically) with West Asia. However, due to political sensitiveness in the mealtime the region should be clearly limited by national borders for lack of other indicators.

What about other *resident* Pacific nations, like the US, Australia, New Zealand, Russia, and, say, Canada? They do have, of course, vital interests and established channels of interacting with the "Asian core" and even integrating into it. However, with all due respect, they are external partners and should be rule-takers, not rule-makers in the region. Of course, from the position of political realism, the US and its military allies' role will not suddenly disappear. But, it is necessary to separate politics and military security from national identity and geography. Otherwise, the logic of natural development would be substituted by political and strategic interests, not necessarily beneficial to the regional nations.

The burning question is the "elephant in the room". Does this concept mean that China will naturally dominate this region? Does its "shared future" slogan implies just that? Does the "Asian core" concept seen as a justification of China's predominance and renegating other states to "vassals"?

Not necessarily, especially now that "the Westphalian system of Asia" is in the making. On the contrary, joint rulemaking can help control Chinese policy and make China respect other actors' interests and concerns, providing for the indivisibility of peace. The alternative to the system of joint rulemaking and harmonisation of the international system is the creation of dividing lines and block-building (the latest example being Quad). Nothing can do more harm to the peoples of Asia, than contrasting "continental" and "ocean" states or "democracies" and "non-democracies".

There is also a strongly established grouping, claiming the "driver's seat" and "central role" in Asian affairs – ASEAN and the mechanisms created by it (ARF, ADMM+, EAS, etc.). The "Core Asia" concept may be much more appropriate for ASEAN than the "Maritime Southeast Asia" idea nurtured in certain quarters. ASEAN's self-proclaimed "central role" in the Asia-Pacific community-building, much-heralded since the 1990s, has somehow been diluted due to new geopolitical tendencies. ASEAN Regional Forum is seen by many scholars as a central piece of the dialogue model in Asia as it possesses normative influence that can socialize great powers in the neighbourhood and offer a set of norms that they can share for regional peace and stability.[34]

If the "Core Asia" approach is adopted, ASEAN and the ARF will have to concentrate on the efforts to work out some kind of region-wide security "code of conduct", or "manual", or "terms of reference" for Preventive Diplomacy which they can adopt on the official level as guidelines. These "guidelines" could serve beyond the ASEAN geographical scope as a norm-setting example in the whole of Asia Pacific or in other troublesome areas like Africa. Such efforts would bring in China and other influential regional players into coordinating policies and compromise-seeking and also help increase compliance. After all of the regional nation-states have been "entrusted" with setting up rules without outside interference, China will have only one vote, while ASEAN will have ten. As Alica Ba claims, "ASEAN's talk shop has produced new social norms, a new culture of regional dialogue, as well as new social and institutional practices."[35]

This has important implications for the Eurasian theory and Russia's role in it as well as practical policies. Russia, thus, is not the integral part of the Core Asia, but the closest and the most important partner for it. Russia should rather see itself as "Europacific power"[36], having vital interests both to the West and to the East of its borders (as well as to the South, of course), but a separate entity, not part of any geo-economic area.

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20. Sri Lanka and the Maritime Security Order in the Indian Ocean

Jayanath Colombage

The Indian Ocean

The Indian Ocean is the third-largest ocean in the world. This ocean connects four continents: Asia, Africa, Australia and Antarctic. It is home for one-third of the world population. The Indian Ocean contains two-thirds of the world's proven oil reserves, one-third of the world's natural gas, 90 per cent of the world's diamonds, 60 per cent of Uranium and 40 per cent of the world's gold reserves. Its waters constitute the lifeline with half of world crude oil shipment, one-third of bulk cargo and half of containerised cargo.[1] There are 35 littoral countries and 12 land-locked countries in the Indian Ocean. This would indicate a total of 47 countries in the Indian Ocean Rim. There are many countries depending on the Indian Ocean, mainly for energy and raw materials and to export finished products. The Indian Ocean is a warm water ocean which can be used throughout the year. The Indian Ocean has played a less significant role in the 19th and 20th centuries. The World Wars, the Cold War and industrial economic development in these two centuries were mainly centred around the Atlantic and Pacific Oceans.

The Indian Ocean in the 21st Century: Main Players

In the 21st century, the Indian Ocean has become an area of geo-strategic and geo-economic competition. Major naval and military powers are focusing their attention on the Indian Ocean. China's military strategy white paper (2015) talks about safeguarding the security of overseas interests, that the country's armed forces will

carry out escort missions in the Gulf of Aden and other sea areas as required to secure SLOC and the PLA Navy (PLAN) will gradually shift its focus to offshore defence with open seas protection.[2] These are clear indications that China is focusing its attention on the Indian Ocean as they depend totally for energy and raw material requirements on the Indian Ocean. The Australian Defence white paper indicates that their strategic defence and economic interests are in the Indo-Pacific region and rule-based global order which supports their interests. Further, this white paper talks about Australia's strategic interests in the wider Indian Ocean through maritime southeast Asia, within which most of their trade activity occurs, which will be most central to their national security and economic prosperity.[3] It is also evident that Japan is focusing more on the Indian Ocean. Japan has joined the US and India in conducting tri-lateral exercise "Malabar" and focusing on technology sharing in the under-sea environment in the Indian Ocean.[4] Japan has also changed its defence posture with constitutional amendments envisaging a more effective military role for the Japanese Self Defence Forces. The US Maritime Forces, the US Navy, US Coast Guard, US Marine Corps came out with "A Cooperative Strategy for 21st Century Sea Power" in March[5], which has given special focus to the Indian Ocean by even renaming the former Asia-Pacific region as the Indo-Asia-Pacific. The US has committed more of its maritime forces including carrier strike groups, amphibious ready group and attack submarines to the Indian Ocean. In a major step forward to closer bilateral defence cooperation, India and the US signed an agreement on sharing military logistics, though, both sides clarified it will not involve setting up of military bases.[6] This agreement would facilitate logistics supplies, support and re-fuelling services during peace-keeping missions, humanitarian operations and joint exercises. There is a similar agreement between the US and Sri Lanka as well.

The main player in the Indian Ocean, India has renewed its focus on not only on the immediate neighbourhood of the country but across the entire region. Writing the foreword to the *Indian Maritime Strategy*, the former Chief of Indian Navy Admiral Dhowan clearly indicates the stand of India's maritime strategy as follows, "India

finds its seas to be primary means of extending her connectivity and trade links with her neighbourhood and world at large. There seems to be little doubt that today, the 21st century will be the century of the seas for India and that the seas will remain a key enabler in her global resurgence."[7] The same document under the Indian Navy's vision statement 2014 indicates "strengthening itself continuously as a formidable, multi-dimensional and networked force that maintains high readiness at all times to protect India's maritime interests, safeguard her seaward frontiers and defeat all maritime threats in our area of interests."[8] This maritime strategy is indicative of India's ambition for the IOR and beyond. The Indian Navy has undertaken the development of power projection capability across the ocean and shown a keen interest to enhance its Maritime Domain Awareness (MDA) capabilities in partnership with other littorals in the Indian Ocean. The tri-lateral MDA agreement between India, Sri Lanka and the Maldives aimed at information sharing of merchant vessels at sea by way of Merchant Ship Information System (MSIS) and AIS. There is a keen interest especially by India to include Seychelles and Mauritius into an expanded initiative on MDA. India has already committed to the development of infrastructure facilities in some islands in Seychelles and Mauritius, which include coastal radar facilities and other coastal protection systems.[9] In addition to the countries already mentioned, ASEAN countries, South Korea and Russia have shown a keen interest in maintaining maritime security in the Indian Ocean as they too depend on this ocean for energy, and to prosper with maritime commerce. This interest by a world superpower, regional superpowers and emerging powers have led to a 'Maritime Cold War' in the Indian Ocean. The IOR has become heavily militarised mainly as a result of piracy which prevailed in the Horn of Africa and the Arabian Sea, which threatened maritime commerce in a substantial manner. However, there is no prospect of "an immediate combat situation" despite the presence of a large number of warships from many nations. Although piracy has come down drastically, the warships are still carrying out patrolling and protecting merchant vessels as the possibility of a resurgence of piracy is still prevalent. As per Potgieter, "The proliferation of

Weapons of Mass Destruction, increased missile capabilities, rise in non-traditional threats and power projection by foreign militaries have not made the Indian Ocean safer."[10]

The Indian Ocean features some of the busiest and key strategic shipping routes serving as a conduit for maritime trade between Asia, the Persian Gulf, Africa, Europe and the Americas. Many nations depend on the Indian Ocean for transportation of their energy requirements, which is essential for their economic sustenance. This is a warm water ocean that experiences two well-established monsoons. The warm waters mean a rich diversity of fisheries resources, availability to operate throughout the year and the monsoons bring the rain and cool the climate. The Indian Ocean possesses some of the world's largest fishing grounds, providing approximately 15 per cent of earth's known catch.[11] The richness of maritime trade, energy routes, which influence not only the regional but global trade, is a major attraction to the major powers even from far away continents.

Great Power Rivalry in the Indian Ocean and the 21st Century Maritime Silk Route Project

Great power rivalry is now seen as an immediate security threat in the Indian Ocean. The increasing maritime rivalry between India and China, and the US partnering with India in order to counter Chinese influence add tension in the region. The situation flared up after 2009 when Chinese warships were compelled to protect merchant ships in counter-piracy operations in the Indian Ocean. China maintains a continuous presence in the region like many other nations. PLAN was operating without any bases in the region. PLAN established a logistic facility in Djibouti, like Japan to support its counter-piracy operations. China's economic and defence assistance to countries like Bangladesh, Pakistan, Myanmar, Maldives, Sri Lanka is seen as military expansionist ambitions by India and the US. The Chinese investment and construction of seaports are also seen as building prospective naval facilities for PLAN. Chinese shipping companies and commercial port operators are active in the Indian Ocean. In this backdrop, the Chinese 21st century MSR project is also looked with

suspicion, especially by India as an attempt to isolate its influence in the region. This suspicion is hampering the efforts of developing countries such as Sri Lanka who is waiting to benefit from the MSR initiative capitalising on the geo-strategic location and deep-water ports available and the objective of becoming the maritime hub of the region. This situation has also led to a naval capability build-up by China and India and increased the US presence with a stated objective of maintaining freedom of navigation. However, all the navies in the Indian Ocean are abiding by the internationally accepted norms and procedures and have not hampered the rule-based regional maritime order.

Another possible security threat for the IOR is the spillover effects from great power rivalry in the Pacific Ocean, especially in the South - and East China seas. The spheres of strategic interests in the Pacific Ocean for the US and China overlap in the South and East China seas. The US maintains a significant military presence in Japan and South Korea. There is tension between China and Japan too.

The situation between the border of India and Pakistan, the South Asian rivals, both with nuclear capability, is another hot spot in the Indian Ocean. Many fear that the tension and cross border skirmishes between these two countries could lead to a dangerous situation as witnessed in February 2019. Moreover, the situation in Afghanistan is worrisome for the region as well, although there is a negotiation process going on with limited success.

Non-Traditional Maritime Security threats in the Indian Ocean

Maritime security in the Indian Ocean has now become a multifaceted and dynamic concept. Due to the diverse nature of both internal and external players, the nature of threats in the maritime domain has also become diverse. Threats in the Indian Ocean are not only from the states but could be from non-state actors. Although the chances of a large-scale war are minimal, threats of non-state actors are predominant and can impact the rule-based maritime order. The non-state actors, who are influencing maritime security in the

Indian Ocean, could be linked to the national security of some countries but could have ramifications for the entire region. The Indian Ocean is a region of conflict. However, most of these conflicts are internal and remain localised. But these conflicts can lead to regional or global impacts. Weak or failed states, levels of poverty, absence of democracy in some states, corruption, competition for scarce resources, interference by foreign powers, and turbulence in the Islamic world due to extremism are impacting on the maritime security situation in the Indian Ocean. Weak government structures and a limited capability to control maritime domain has resulted in various forms of illegal activities in this ocean and that has led to increased militarisation by regional as well as extra-regional powers. There is a concern for traditional as well as non-traditional security threats in the ocean. There is concern about trade and energy security. Some of these threats in the Indian Ocean are as follows:

Maritime Piracy

Piracy in the Horn of Africa, which threatened the global shipping industry with hijacking, demanding ransom and use of violence, was a real menace to the international shipping and trade. The pirates were non-state actors who originated from Somalia. Lack of maritime security around the Horn of Africa made international shipping vulnerable to pirate attacks and it was not limited to the coastal areas of Somalia. The reach of pirates extended even closer to the Maldives and a High-Risk Area was declared, which included all of Arabian Sea and extended closer to Sri Lanka. The waters off Somalia became a piracy hotspot and a concentrated effort by regional and international navies, shipping industry, international agencies and the UN was needed to curb this threat. The Somali pirates at times used mother ships with one or two skiffs on tow, in order to enhance their range long distances away from Somali coast or Horn of Africa. Piracy also prevails in Malacca Strait. Here, the target is mainly product tankers of refined oil, unlike in the case of Somali pirates, where the interest is a ransom for the crew and the ship. In the case of Malacca Strait, they are interested only in forcefully acquiring the cargo and selling it in black markets. The

Somali pirates are well armed with machine guns, rocket-propelled grenades and the Malacca Strait pirates use small arms and knives. Piracy is a crime of opportunity and could involve many different crimes such as hijacking, kidnapping, threatening or use of force, aggravated assault, murder, torturing victims, extortion and money laundering, unlawful detention and illegal arms trafficking and usage, which are criminal offences under the international law. However, taking legal action against captured pirates is a difficult task as there are issues such as jurisdiction and sovereignty, evidence gathering and presenting, disposition of pirates and repatriation and responsibility for trail and imprisonment.

Maritime Terrorism

Maritime terrorism is not a new phenomenon. Terrorists have used the ocean for various activities. The hijacking of the Italian cruise ship Achille Lauro, on October 7, 1985, was a significant maritime terrorist act. Following that incident, the International Maritime Organisation adopted Resolution A.584(14) on measures to prevent unlawful acts which threaten the safety of ships and the security of their passengers and crews.[12] The other noteworthy terrorist attacks at sea are the attack on the USS Cole (US Navy ship), in the port of Aden in Yemen in 2000[13], the attack on the SS Limburg (Very Large Crude Carrier), in the Gulf of Aden, off the coast of Yemen in 2002 and the attack on the Super Ferry 14, in the Philippines in 2004. These attacks exposed the vulnerability of warships and merchant/passenger ships in harbours or territorial waters. The Mumbai attack in March 2008 carried out by members of Lashkar-e-Taiba is a case of terrorists using a maritime landing to carry out specific attacks against key land installations.

Liberation Tigers of Tamil Eelam (LTTE) which was based in Sri Lanka with many front offices in different capitals of the world can be sited as the most dominant terrorist group which had incorporated the maritime domain into their grand strategy. LTTE pioneered and developed the suicide boat, underwater suicide saboteurs and Underwater Improvised Explosive Devices (UIED). They operated an assortment of craft such as attack craft, logistic

craft, suicide craft and submersibles and were able to carry out maritime operations throughout the full spectrum of the maritime environment. They were engaged in large scale terrorist financing and money laundering and gun running by 12-15 merchant vessels, which operated in the international maritime logistic system. They were engaged in large scales of criminal activities such as piracy, hostage-taking, surface and underwater attacks, human smuggling, narcotics trade and arms smuggling. This is a clear indication of lack of maritime security in the Indian Ocean. Presently, the activities of the ISIS who are exerting influence in the middle eastern region are not far from the Indian Ocean. Further, the situation in Yemen is also posing a threat to international shipping. The biggest worry in maritime terrorism is the possibility of a terrorist group acquiring a commercial ship and carrying a WMD in a commercial port of a developed country. So far, the terrorists have used commercial aircraft, service boats, trucks and small vehicles to create destruction and mayhem in the world. Their next method could be a ship.

Irregular Migration by Sea: Human Smuggling

According to the UNHCR – UN High Commissioner for Refugees – report on "Global Trends: Forced Displacement in 2015", there are 65.3 million individuals forcibly displaced worldwide as a result of persecution, conflict, generalised violence, or human right violations. This is 5.8 million more than in 2014.[14] The same report also indicates that more than 54 per cent of all refugees came from just three countries; the Syrian Republic, Afghanistan and Somalia. The three countries mentioned are either in or close to the Indian Ocean. Whilst some of these displaced people have genuine concerns for the safety of their lives, a large group can be considered as "economic refugees". Earlier due to the prolonged conflict, Sri Lanka was considered as a "source country". The conflict forced a large number of Tamil population to flee the country and they were accepted mostly by western countries. This community then became the most significant source of financial and political support for LTTE. LTTE also carried out a planned forced migration as a revenue-generating method and to enhance the size of the diaspora population, who

were forced to support their fight against government forces. Even after the war ended in May 2009, LTTE used its international criminal network to smuggle people across the ocean. One of the key destinations at this point in time was Australia. Due to the close cooperation, shared intelligence and awareness of the problem, the movements could be curbed to near zero. These irregular migrations can be linked to organised transnational crime, terrorist financing and money laundering, whilst endangering the lives at sea.

Illegal Narcotic Small Arms Drugs and Trade by Sea

LTTE with its international shipping network can be easily named as the organisation, which benefitted the most from drugs and arms trafficking in the Indian Ocean. LTTE was the most effective terrorist organisation thus far in terrorist financing and money laundering. The money raised by these illegal means were used to purchase not small arms and ammunition but artillery guns, mortars and ammunition for same. They exploited the weakness in the international system and were able to acquire warfighting equipment from different sources at different times. These areas included Afghanistan, Ukraine., Lebanon, East African countries and North Korea. They were able to purchase, stockpile and transport these items onboard their ships to Sri Lankan coast under their control. Often these operations were combined with trafficking of illegal narcotic substances. These operations were carried out successfully for a few decades and thereby they were able to continue the fight against the government forces inflicting heave damages most of the time. This is a clear indication of the lack of maritime security in the Indian Ocean. Presently, Sri Lanka is being considered as a transit point for heroin and Kerala ganja.

Illegal, Unreported and Unregulated (IUU) Fishing

IUU fishing is another maritime security threat in the Indian Ocean. The IUU fishing activities can take place in EEZ or territorial waters. These could include poaching, use of destructive fishing methods, use of banned fishing nets, not declaring the catch locations and details and even stealing the catch. The IUU fishing can impact

on traditional military security and human security as fishing is one of the main livelihood activities of the coastal areas of Indian Ocean littorals. The IUU fishing can also be linked to transnational maritime crime syndicates and money laundering. The IUU fishing can have links to illegal trafficking of drugs and small arms for terrorist groups.

Evolvement of the 'Indo-Pacific Strategy'

The main reason for developing a militarised version of the "Indo-Pacific" is basically to counter the growing Chinese influence in this region. Earlier it was the "Asia-Pacific", a term used by strategist to denote the two regions. Since the Indian Ocean has gained significant world attention, the term changed to the "Indo-Asia-Pacific" and subsequently to the "Indo-Pacific". The Indo-Pacific has more focus on the ocean than the Asia-Pacific which encompassed the whole of the Asian landmass. This strategy has not really translated to a large-scale action yet. However, it is gaining popularity among the military analysts and strategists as a way to unite the US and other democracies in the Indian and Pacific oceans to counter the economic rise of China. However, there is no consensus among major proponents of this strategy as they are still trying to find common grounds and common objectives. The US made the Indo-Pacific strategy into law by the end of 2018 and this could pave the way to legitimise its use of military force in this region. The strategy has conveniently ignored many other littorals such as ASEAN countries, South Korea and smaller, less economically powerful countries in the Indian Ocean as it is centred on pillars of four countries, the US, India, Japan and Australia. However, the US is now projecting the Indo-Pacific strategy as an exclusive strategy with an economic component.

Prime Minister Abe of Japan can be attributed for bringing to attention the concept of "Indo-Pacific" in his speech to the Indian Parliament termed "Confluence of the Two Seas" in 2007. This speech was aimed at bringing attention and advanced cooperation in the Indo-Pacific region. Soon thereafter, the Australia, India and the US joined ranks in discussing the Indo-Pacific Strategy as a concept

at regional level maritime dialogues. However, there is no unified definition or agreement of what constitutes the "Indo-Pacific" and it is moreover seen as an exclusive grouping leading to a "maritime cold war" situation. The term "Indo-Pacific" can be now found in many defence white papers of Australia, Japan and the US. This concept has also given rise to quadrilateral security dialogue between the four pillar countries, which is called the "Quad". The Quad was also started in the year 2007 but did not progress satisfactorily mainly due to reluctance of Australia in the beginning and India at present. There is also a discussion about expanding "Quad" to be "Quad-Plus" meaning the addition of the UK, France and possibly Singapore, claiming that these countries are Indian Ocean countries. The US carrying out of FONOPs in the South China Sea and the UK joining them signals the intentions of these countries to exert influence in the Indo-Pacific region. Changing the name of the US' Pacific Command to Indo-Pacific Command in 2018 is another outcome of the Indo-Pacific strategy.

Sri Lanka and the Indian Ocean Order

Sri Lanka is a small island nation located in a geographically strategic location in the Indian Ocean. Sri Lanka was engulfed in a protracted civil war for nearly three decades (from 1975-2009). As a result, the country's progress retarded. In 2009, the country was able to defeat a violent armed insurgency by military means and wanted to fast-track the development. China then became the major development partner through direct FDI and loan facilities. However, India, Japan, the US saw the Chinese involvement as a strategy to strangulate India and to extend the Chinese sphere of influence in the India Ocean. Sri Lanka was in a strategic dilemma as India and the West were not willing to invest in large-scale infrastructure projects and it did not want China to do the same. The 2015 presidential and general elections changed the regime, which was considered as pro-Chinese, and a pro-Indian, pro-western government was brought in. The new government suspended all Chinese funded projects with the hope of attracting investments from India, the US and the EU. For nearly 18 months no major investment arrived and then the government

was compelled to return to China and request it to re-commence the projects already stalled. The country's economic development suffered immensely and was able to record a meagre 3 per cent GDP growth in 2018.

The East Container Terminal in the Port of Colombo has also become a strategic focal point. Whilst the Sri Lanka Ports Authority maintains that it wishes to develop terminal facilities, India and Japan have shown a keen interest in acquiring stakes in the same terminal with a view to counter possible domination by China. Furthermore, the Port of Trincomalee, which is the largest, most protected natural harbour in the Indian Ocean with an average depth of 25 metres and abundant water area, has become a point of contention as well. With the largest storage capacity for crude oil and finished products in the Indian Ocean, with nearly 98 large tanks built by the British and not fully utilised to-date, the Port of Trincomalee is considered as a strategic backyard of India. Japan too is willing to develop the Port of Trincomalee and has allocated a sum of $9.2 million and appointed a special representative to coordinate the development work.

Sri Lanka has now become the strategic focus of the US, India, China, Japan and Australia. Recent reporting of the US Navy establishing an "Air Logistic Hub" in the port of Trincomalee drew the attention of strategic thinkers. The US Ambassador in Sri Lanka stated that "Sri Lanka's leaders have outlined their vision for the country's regional engagement which reflects its location at the nexus of the Indo-Pacific and seizes the opportunities that this unique position presents".[15] The US Embassy has also mentioned that they will conduct temporary cargo transfer initiatives in Sri Lanka as an effort to support Sri Lanka's efforts to become a regional hub for logistics and commerce. However, America is always accusing Sri Lanka of becoming a possible military stationing point.

It can be seen at this juncture that Sri Lanka is a critical partner for all strategic stakeholders of the Indo-Pacific. This is evidenced by the attention the country is receiving from the US, India, Japan, Australia and China. The key enabling factor for this attention is the most strategic geographical location of the country as the epicentre of

the India Ocean and close proximity to the busiest east-west SLOCs. Another enabling factor is the geographical proximity to India, which is the second-most populous country in the world and strong military power and a rising major economy. Sri Lanka is also located with the security umbrella of India, especially in maritime and air domains due to proximity. Besides, Sri Lanka is blessed with deep-water ports to cater for mega-container ships and port of Colombo is ranked at the top among the IOR, as the 13th best-connected port and 22nd in world ranking among containerised ports. The port of Colombo handled seven million Twenty Equivalent Units in 2018, which is the highest handled by an Indian Ocean port. Furthermore, 32 per cent of trans-shipment containers handled by the Port of Colombo is either to or from Indian ports. Therefore, Sri Lankan ports are playing a significant role in the economic growth of India as well.

Many countries are trying to assist Sri Lanka in developing naval and coast guard capabilities and to enhance MDA in the region taking Sri Lanka as a focal point. India being the closest neighbour has built two modern Advanced Off-shore Patrol Vessels and Japan has donated two 30-metre patrol boats and is planning to donate another vessel and build two/three 85-meter offshore patrol vessels in Colombo. Japan has also provided support to develop marine safety and pollution control capabilities of the Sri Lanka Coast Guard. Meanwhile, the US has gifted a refurbished ex-coast guard cutter and China, a Frigate. Earlier, Australia donated two Bay Class patrol boats, mainly in recognition of the valuable contribution made by the Sri Lanka Navy in countering Irregular Migration by Sea to Australia. The US also has allocated $39 million to support maritime security, freedom of navigation and maritime domain awareness as part of their Bay of Bengal initiative that aims at bolstering humanitarian assistance/disaster relief capabilities in South Asia. Meanwhile, Sri Lankan armed forces were invited to participate in the Rim of Pacific (RIMPAC) exercise off Hawaii in 2018 and US Marines on board USS Anchorage participated in joint training in Jungle asymmetric warfare and fighting in urban area exercises as part of joint training in Trincomalee. US Marine Corps also helped to establish the Sri Lankan Navy's Marine Corps.

Sri Lanka gained valuable experience in combating transnational maritime crime during the civil war and currently, IORA has tasked Sri Lanka to be the lead country in formulation policies for enhancing maritime safety and security in the IOR. Sri Lanka is caught up in a strategic maritime cold war situation in the Indo-Pacific. How Sri Lankan will balance foreign policy deal with this situation will determine the future of the country.

Conclusion and Way Forward in Enhancing Maritime Security in the Indian Ocean

The Indian Ocean is fast becoming the most important ocean in the 21st century. The Indian Ocean remains largely free from territorial disputes. However, there are potential hot spots in the region, which can lead to mistrust and military action by states. The geo-strategic and geo-economic competition has resulted in major power rivalry and concerns about energy and trade security. The presence of choke points at the main entrances to the Indian Ocean makes it vulnerable and poses a serious security threat. Transnational maritime crime has the potential to destabilise the region, which could affect most of the countries and their economies. Fundamentalism and religious extremism are two factors prevailing in the region. Many leading terrorist groups are interested in the region for their activities. There is a need for enhanced MDA in the Indian Ocean. Although the international navies operating in the ocean has abided by international conventions and regulations, there are many other stakeholders, such as merchant ships and fishing vessels, which may be involved in various nefarious activities. Hence, MDA will play a critical role in the security architecture of the ocean.

There is a need for carrying out risk and vulnerability assessments of potential security threats at sea. The Indian Ocean is a dynamic ocean and changes are always taking place. The vast emptiness of the ocean means that much of what takes place there goes unseen. Sharing of maritime intelligence, especially on merchant shipping is important for sustainable security in the region. Measures such as AIS and shore-based long-range radars can be employed for this. Maritime air surveillance by long-range aircraft and Unmanned

Aerial Vehicles (UAV) together with networking capabilities will be an economical way in this regard. It is also necessary to use all platforms and agencies at sea for collection of ocean data as "Eyes at Sea". International and regional cooperation to deal with an increasing maritime crime such as piracy, terrorism, illegal small arms and narcotic substances and illegal exploitation of marine resources are essential in maintaining the law and order in the Indian Ocean. Increased security depends on coordinated security awareness and broader collaboration in response to maritime threats. To achieve this, some of the functions currently managed by individual nations will have to be undertaken by organisations which should provide a more efficient and effective implementation. These approaches will be very useful in maintaining "Rule-Based Maritime Order" and stability of the most important ocean in the 21st century.

Sri Lanka has now become the strategic focus of India, China, the US, Japan and Australia. It can be seen at this juncture that Sri Lanka is a critical partner for all strategic stakeholders of the Indo-Pacific. This is evidenced by the attention the country is receiving from the US, India, Japan, Australia and China. The key enabling factor for this attention is the most strategic geographical location of the country as the epicentre of the India Ocean and close proximity to the busiest east-west SLOCs. Another enabling factor is the geographical proximity to India, which is the second-most populous country in the world and strong military power and a rising major economy. Sri Lanka is also located with the security umbrella of India, especially in maritime and air domains due to proximity. Many countries are trying to assist Sri Lanka in developing naval and coast guard capabilities and to enhance MDA in the region taking Sri Lanka as a focal point. Sri Lanka gained valuable experience in combating trans-national maritime crime during the civil war and currently, IORA has tasked Sri Lanka to be the lead country in formulation policies for enhancing maritime safety and security in the IOR. Sri Lanka is caught up in a strategic maritime cold war situation in the Indo-Pacific. Sri Lanka should try to balance geo-strategic relations and still plays a key role in enhancing and maritime security in the Indian Ocean utilising the advantageous

geographical location and expertise gained by fighting battles at sea to counterterrorism.

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Part IV

Managing Contests and Security Concerns in Asia

21. Philippines and Maritime Security Order in Southeast Asia

Renato Cruz De Castro

On May 18, 2018, the PLA Air Force (PLAAF) announced that it landed an H-6K bomber on one of its outposts in the South China Sea.[1] The H-6K undertook take-off and landing exercises on islands and reefs in the disputed waters to improve the PLAAF's ability to reach all territories and to conduct airstrikes at any time and in all directions.[2] A Singapore-based Chinese academic, Professor Wang Mingliang, off-handedly commented that the successful aerial manoeuvres of the Chinese bomber would help PLAAF's combat capability to deal with maritime security threats. Specifically, PLAAF bombers operating from any of the Chinese outposts can conduct routine peacetime patrol and wartime air interdiction operations in the South China Sea. This will put the Philippines, Singapore, and much of Indonesia within the range of Chinese strategic airpower.[3] The deployment of the H6-K bomber is part of China's efforts to control the South- and East China Seas by extending its security perimeter and reinforcing strategic clout over these crucial sea-lines of communication (SLOC) linking the Indian and the Pacific Oceans.

In the face of international and domestic concerns over Chinese actions in the South China Sea, however, President Rodrigo Duterte commented that he would not provoke China into war.[4] He asked what would happen to the Philippines should war erupt in the South China Sea and whether the US would remain on the side of the Philippines if a war would break out.[5] He argued that the more feasible solution is to forge a joint exploration pact with this regional power bent on altering the territorial status quo and violating international law.[6] In August 2018, President Duterte told Filipinos that he expects China to be just and reasonable on the

South China Sea dispute and that they should accept Beijing as a good neighbour.[7] He said, "I am sure that in the end, China will be fair and the equity will be distributed."[8] He was also optimistic that "in the days to come, we would realise that China … is really a good neighbour."[9]

President Duterte's good but misplaced faith on China reflects his administration's appeasement policy on China.[10] The concerted efforts of Filipino foreign affairs and defence officials' are aimed at fostering closer relations with China, coupled by calculated moves to distance the Philippines from the US and its allies (Japan and Australia) related to the South China Sea dispute in particular, and to other international issues in general. This policy stems from the government's belief that appeasing China is worth pursuing because it makes the Philippines a beneficiary of BRI. However, by appeasing an expansionist power, the Duterte Administration facilitates China's long-term strategy to ease the US out of East Asia as it builds a maritime great wall in the South- and East China Seas. Paradoxically, it colludes with China in violating international law that it is supposed to uphold in the light of the July 12, 2016, Permanent Court of Arbitration (PCA) Award to the Philippines. More significantly, its appeasement policy adversely affects Southeast Asia's maritime order.

This article examines the Duterte administration's appeasement policy on China and how it undermines Southeast Asia's maritime order. This paper raises two interrelated questions: Why and how does the Duterte Administration pursue an appeasement policy on China? And does this policy threaten regional maritime security order? It also addresses these corollary questions: What is the nature of Southeast Asia's maritime order? How is China altering this order? How did the Aquino Administration challenge China's maritime expansion in the South China Sea, and in the process, uphold the regional maritime order? Why has the Duterte administration adopted a policy of appeasement on China relative to the South China Sea imbroglio?

The Southeast Asian Maritime Order

The South China Sea and the smaller seas of eastern Indonesia are

open to the Pacific and are separated from the Indian Ocean to the south and west by straits that perforate Indonesia's southern islands. Located in the heart of Southeast Asia, the South China Sea is a semi-enclosed sea surrounded by China and several small and militarily weak Southeast Asian powers such as the Philippines, Vietnam, Malaysia, and Brunei. It is sometimes referred to as an Asian Mediterranean as people of the archipelagos comprising Indonesia, East Timor, the Philippines, Malaysia and Taiwan have a common ancestry and they speak related languages.[11]

For several centuries, fishermen, salvagers, sailors, and navigators on board their small trading or fishing vessels comprised the vast majority of seaborne traffic in the South China Sea whose islands remained largely uninhabited.[12] The ancestors of the present-day inhabitants of the Philippines, Malaysia, Indonesia, and other Southeast Asian countries maintained contacts with one another by using the waters of the South China Sea as their traditional fishing grounds and local trading routes. The extensive maritime trade in the South China Sea between the 15th and 17th centuries generated a high degree of commercial intercourse connecting several maritime cites of Southeast Asia and created a pan-Asian trade network with India and China serving as important nodal points.[13] Describing this maritime region before the coming of the Western powers in Asia, Professor Lockard Craig wrote:

> This huge but politically fragmented and often sparsely populated region around "a sea common to all" spawned a fluid multiethnic transnational economic zone and flexible political boundaries in which waterborne commerce and the string of ports that facilitated it were essential. This canvas of interaction also linked the mainland with the Southeast Asian archipelagos (Indonesia and the Philippines) in a myriad of [the] exchange relationship.[14]

Consequently, the long-established trade routes between India and China criss-crossing the South China Sea led to the formation of several ancient Southeast Asian maritime kingdoms that thrived because they had control over sources of export products.[15] Maritime

trade in Southeast Asia created these ancient kingdoms as it provided new resources such as arms and weapons and luxury goods for distribution; gave local rulers new ideas for political organisation and legitimacy; and connected the great maritime cities of Southeast into an intraregional trading system.[16]

All of these developments occurred because the South China Sea evolved into a regional commons in which all parties pursued their interest without fear of molestation or sovereign control by the authorities of any coastal state.[17] There is simply no evidence that points to the unique economic or naval interest of China or any other single country in or around the islands of the South China Sea.[18] The intervention of external colonial powers in the 16th century and the application of their superior naval technologies enabled European sea power to ensure that the South China Sea and Southeast Asia more broadly, become an integral component of an open, global, and liberal maritime order.[19]

The Unravelling of Southeast Asia's Maritime Order

The end of the Second World War in 1945 and the wave of decolonisation that swept Southeast Asia in the late 1940s to the late 1950s caused former colonies to attain their independence from Western powers. Formed in the process were active claimant states that sought territorial and economic exploitation rights in the South China Sea.[20] This trend was reinforced by the profound changes in the traditional law of the sea whereby the legal regime governing the sovereign coastal states' territorial and adjacent waters and subsea land extension, as well as the ownership and control of land-features in the South China Sea, underwent a dramatic transformation. Created in 1982, the UN Convention on the Law of the Sea (UNCLOS) established a legal regime under international law that describes the maritime areas over which a state can exercise exclusive jurisdiction outside its territorial sea, such as the exclusive economic zone (EEZ).[21] With all the coastal states in Southeast Asia becoming States Parties to the UNCLOS, a general legal regime was established in Southeast Asia that allowed littoral states to have maritime interests of their own in a vast expanse of maritime areas

that defy comparison in the past. These two post-1945 developments consequently weakened Southeast Asia's open, global, and liberal maritime order.

Since the mid-20th century, the littoral states have considered the South China Sea as a maritime zone of abundant hydrocarbon and protein resources which are important for their increasing populations that have consumed and exhausted their coastal waters' fishery resources. Consequently, by the second decade of the 21st century, disputes over sovereign control of land features, the extent and delimitation of maritime jurisdictional waters happened side-by-side with competing for nationalist narratives alluding to alleged ancient discovery, historic rights, and occupations of the South China Sea. A way into the 21st century, the South China Sea became the represented projection of the cultural consciousness of the centuries-long relationship that each coastal nation has with its adjoining seas.[22] Consequently, this maritime area has become an arena for littoral states' competitions over territorial sovereignty, overlapping claims to islands, rocks, and reefs, disputes over which coastal states claim legitimate jurisdiction over waters and seabed, and contentions over the appropriate balance of coastal-state and international rights to use the seas for military purposes.

The greatest threat to the open, global, and liberal maritime order in Southeast Asia, however, is China's naval presence in this strategic maritime area. Its naval activities are upending the post-World War II status quo and shifting the power dynamics that have maintained stability in the region.[23] Enjoying a phenomenal economic boom during the first decade of the 21st century, China was transformed into an engine of growth in East Asia and the wider world. With its gross domestic product (GDP) surpassing that of Japan in 2010, it has become the second-largest economy in the world, next only to the US. Its economic success has not only made it confident and assertive in foreign affairs but also intensified its military prowess.[24] Strong economically and militarily, China has taken provocative actions in the South- and East China Seas. These include the unilateral declaration of an Air Defence Identification Zone (ADIZ) in the East China Sea; the active conduct of several

live-fire naval exercises by the PLAN and the PLAAF in the Western Pacific/South China Sea; and the hard-line responses by the PLAN in coordination with Chinese maritime law-enforcement agencies on territorial rows with the Philippines and Vietnam in the contested sea.[25] These moves worry the other littoral states about China's maritime design in the region.[26]

China also created thousands of kilometres of artificial islands and built facilities on these land features to project its power farther into the South China Sea and closer to the territories of other littoral states. In 2015, China began constructing artificial islands over the eight reefs it occupied in the Spratlys. It also created new artificial islands at Hughes, Johnson, Gaven, Fiery Cross, and Mischief Reefs. On April 9, 2015, the Chinese foreign ministry justified China's massive artificial island constructions as a means of "satisfying necessary military defence requirements" while simultaneously providing "civilian facilities such as typhoon shelters, fishing services, and civil administration offices for China, its neighbours, and international vessels sailing in the South China Sea."

All these efforts are aimed to weaken the ability of the other states to support their territorial and resource claims and to accept without question China's maritime expansion.[27] From the other claimant states' viewpoint, these bullying tactics smack of Chinese territorial expansionism and adventurism.[28] However, from China's perspective, it is a case of the country outgrowing its subordinate status in the past and feeling confident enough to stand its ground in the western Pacific – to resolutely manage its territorial and sovereignty issues in the East- and South China Seas.[29] Consequently, China's creeping expansion into the South China Sea poses a challenge to the capacity of naval and other power-projection forces that ensure an open, global, and maritime liberal order in Southeast Asia.[30]

From 2011 to 2016, the Aquino Administration applied balancing strategy on China relative to the South China Sea dispute. After he was elected president, however, Rodrigo Duterte adopted an appeasement policy on China. The difference between these two administrations' foreign policies lies in President Aquino's and

President Duterte's respective domestic agendas. On the one hand, then-President Aquino was concerned about Chinese incursion into the country's EEZ and the Philippines' strategic leverage as a littoral state vis-à-vis China's maritime expansion. These encroachments deprived the Philippines of vital fishery and mineral resources of its EEZ in the South China Sea. On the other hand, President Duterte took note of China's emergence as an economic power in general, and its launching of BRI. He was apprehensive that if the Philippines pursues a balancing policy on China, the country would not be able to avail of Chinese investments and aid under BRI. This drove him to choose a policy of appeasement characterised by strategically distancing the Philippines from the US and gravitating closer to China.

The Duterte Administration is convinced that its appeasement policy is worth pursuing because it makes the country a beneficiary of China's emergence as a global economic power. By appeasing an expansionist power, however, the Duterte Administration becomes complicit in China's long-term strategy of maritime expansion designed to ease the US out of East Asia. This will upset the current balance of power in the region. Furthermore, China's long-term plan to project its maritime power in the Western Pacific, and to gain control of the regional maritime commons, will adversely affect the Philippine's territorial, strategic, and economic interests as an archipelagic state in the Indo-Pacific. This will also lead to the erosion of the Southeast Asian regional maritime order.

Upholding the Martine Order by Challenging China

On March 2, 2011, two Chinese patrol boats harassed a survey ship commissioned by the Philippines Department of Energy to conduct oil exploration in the Reed Bank (now called Recto Bank), 150 kilometres east of the Spratly Islands and 250 kilometres west of the Philippine island of Palawan. The Aquino Administration was stunned by this maritime encounter which happened within the Philippines' EEZ. Two days after the incident, the Philippine government filed a protest before the Chinese Embassy in Manila. A Department of Foreign Affairs spokesperson commented that "The

Philippines is (simply) seeking an explanation for the incident." Brushing aside the Philippine complaint, a Chinese Embassy official insisted that China has indisputable sovereignty over the Nansha Islands and their adjacent territory. Beijing then went on to demand that Manila first seek Chinese permission before it can conduct oil exploration activities even within the Philippines' EEZ. China, in fact, was badgering the Philippines and other claimant states to recognise China's sovereign claim over the South China Sea.[31]

In June 2011, the Philippines government and the Armed Forces of the Philippines (AFP) agreed on a multi-year, multi-billion peso defence upgrade spending and military build-up. The Philippines' immediate territorial defence goal is to establish a modest but "comprehensive border protection program" anchored on the surveillance, deterrence, and border patrol capabilities of the Philippines Air Force, the Philippines Navy, and the Philippine Coast Guard. This monitoring and modest force projection capability should extend from the country's territorial waters to its contiguous and EEZ.[32]

From April 9 to June 18, 2012, the Philippines was pitted against China in a tense naval standoff at the Scarborough Shoal. A triangle-shaped, 150 square kilometres of barren reefs and rocky islets, the shoal is about 135 miles from the Philippines and 543 miles from China. Both countries have staked a claim to the shoal and have figured in hostile encounters over control of the area since the late 1990s. The stand-off highlighted China's maritime strategy. It involved, "drawing a line" in the sea using civilian vessels to challenge littoral states that ran the risk of exacerbating a critical situation by resorting to military means and engaging PLAN ships lurking in the background."[33]

China's stratagem was to put the onus on the use of force on these small littoral states – outclassed by its naval prowess – by bringing them to the brink of a naval confrontation to resolve what was essentially a maritime jurisdiction issue.[34] When the tension eased at the Scarborough Shoal, China consolidated its control over the area. Crew members of the Chinese Maritime Surveillance vessels constructed a chain barrier across the mouth of the shoal to

block the Philippine access to it. China also deployed these ships to protect the fleet of Chinese fishing boats operating deep into the Philippines' EEZ.

An important factor behind the Aquino Administration's balancing policy on China, despite the latter's preponderant economic and military capabilities, was the strengthened and reconfigured Philippine-US security relations. At the height of the Philippines' territorial row with China in mid-June 2011, the Aquino Administration publicly acknowledged the exigency of the US diplomatic and military support. Conscious of its military inadequacies, Manila asked for an unequivocal US commitment to Philippine defence and security as provided for in the 1951 Mutual Defense Treaty (MDT), specifically American naval/air support in the Spratlys. The Philippines officials rationalised that an armed attack on Philippine metropolitan territory and forces anywhere in the Pacific, including the South China Sea, should trigger an automatic US armed response.

The Scarborough Shoal stand-off and later, China's occupation of the shoal made it crucial for Manila to negotiate the "Framework Agreement on Increased Rotational Presence and Enhanced Agreement" with Washington. On April 28, 2014, the Philippines and the US signed the Enhanced Defense Cooperation Agreement (EDCA). The EDCA is not a new security pact; it is simply an updated and enhanced version of the 1951 MDT.[35] This executive agreement provides the framework by which the two countries can develop their individual and collective (defence) capabilities. Such a task can be accomplished through the rotational deployment of American forces in Philippine bases.[36] However, though the American forces are allowed to utilise AFP-owned and controlled facilities, the Philippine base commander has unhampered access to those locations. Likewise, the infrastructure built or improved by the US can be used by the AFP. With the implementation of the agreement, a small contingent of the US forces would be deployed in the Philippines territory temporarily.

Upholding the Maritime Order through the UNCLOS

Lacking an adequate military capability to stand up against China's

naval prowess in the South China Sea, the Philippines opted for the liberal/legal approach leading to the use of lawfare to resolve its maritime dispute with this emergent power. In other words, "By availing itself of the arbitration mechanism of the UNCLOS, the Philippines adopted international law as a "lawfare" or the use of law as a substitute for traditional military means to achieve an operational objective.[37] In other words, "lawfare" involves the application of legal or judicial processes to enable a weaker adversary to engage in a political and legal battle against a superior opponent.[38]

In January 2013, the Philippines directly confronted Chinese realpolitik approach in the South China Sea dispute by filing a statement of claim against China in the PCA at The Hague in the Netherlands. In its Notification and Statement of Claim, the Philippines asked the arbitral tribunal to determine the country's legal entitlements under the UNCLOS to the Spratly Islands, Scarborough Shoal, Mischief Reef, and other land features within its 200-mile EEZ. The claim was filed to show that the Philippines' exercise of its territorial rights over six-islands and other land features within its legitimate maritime jurisdiction is firmly grounded on international law – specifically the UNCLOS.

As expected, China refused to participate in the international mediation and openly expressed its opposition to the Philippines' filing of a case with the arbitral tribunal. To justify its non-participation in the proceedings, China cited its policy of resolving disputes on territorial and maritime rights only through direct consultation and negotiation with the countries directly involved.[39] It repeatedly declared that "it will neither accept nor participate in the arbitration unilaterally initiated by the Philippines," and maintained – through the publication of a position paper, the *2014 December Position Paper* and in other official statements – that, "the tribunal lacks jurisdiction in this matter".[40] For a crafty player that had benefited from the ambiguity of its goal and the full extent of its South China Sea claim, China had much to lose in the ruling.[41] Since 2009, however, it has gradually shifted its strategy from delaying the resolution of the dispute to one that emphasises

its sovereignty over the contested waters. This tactic aims to deter smaller and weaker claimant states like the Philippines and Vietnam from cementing their claims and to enable China to negotiate with these small powers from the position of strength.[42] Furthermore, it does not want to extend any legitimacy to the tribunal since it holds other instruments of power – economic, diplomatic, and strategic – that it can wield to settle the dispute according to its own terms.[43]

Without China's participation, the arbitration proceeded in accordance with the provisions of UNCLOS. Representatives from Indonesia, Japan, Malaysia, Thailand, and Vietnam also attended the hearings.[44] On October 29, 2015, after almost three years of proceedings, the arbitral tribunal unanimously decided that it has jurisdiction over the maritime dispute between China and the Philippines in the South China Sea. In its ruling, the tribunal held that both the Philippines and China are parties to the Convention and are bound by its provisions on the settlement of the dispute.[45] It also stated that China's choice not to participate in the proceedings does not deprive the tribunal of its jurisdiction over the case and that the Philippine decision to commence arbitration was not an abuse of the UNCLOS' dispute settlement procedure.[46] The tribunal's ruling meant that it would hold further hearings to settle the highly contentious territorial dispute between the Philippines and China in the South China Sea. On November 30, 2015, the Philippines panel concluded the presentation of its claims against China to the tribunal.

Pursuing an Appeasement Policy

In his first few months in office, President Duterte appeared to be adhering to his predecessor's geopolitical agenda vis-à-vis China's expansion in the South China Sea. President Duterte, however, changed gears after the US became critical of his war on drugs and criminality that had claimed more than 3,000 lives since May 2017. His current statements and decisions clearly indicate an apathetic and cynical attitude toward the US. At the same time, he fosters cordial and closer relations with China despite the PCA's ruling and the presence of Chinese Coast Guard vessels around the Scarborough

Shoal and the Mischief Reef, which are within the Philippines' EEZ.

During the ASEAN Summit and the East Asian Summit (EAS) in Laos, President Duterte made remarks that were interpreted as insulting to then-President Barack Obama. These slurs led the cancellation of the bilateral meeting between two heads of states. President Duterte also skipped the US-ASEAN Summit and instead of reading his prepared speech on the PCA Award to the Philippines, he denounced American atrocities committed against the Filipino Muslims in Mindanao in the early 20th century. This was President Duterte's overreaction to Washington's condemnation of human rights violations resulting from his anti-narcotics/anti-criminal campaign in the Philippines.[47]

In late September 2016, President Duterte announced that he would revitalise relations with China and Russia to cushion the impact of the possible withdrawal of the US from the Philippines in 2017.[48] Speaking in Pampanga, he urged the Filipinos to make a small sacrifice for his plan of proverbially crossing the Rubicon in his ties with the US as he forms partnerships with rival countries (China and Russia) or the countries on the other side of the ideological barrier.[49] He also revealed his plans to visit China and Russia and chart an independent foreign policy, and "open (new) alliances" with these two major powers.

Later, in December 2016, then-Secretary Yasay said that it would be beneficial for the Philippines and the US to reassess their relationship in the light of the current geopolitical realities.[50] Apparently, he was referring to President Duterte's earlier statement "that China now is the power (in East Asia), and they (the Chinese) have military superiority in the region." Echoing China's rhetoric on the South China Sea dispute, he commented that, "the present circumstances, such as the South China Sea (dispute) may, no longer require a strategy based on the old concept of the Cold War."[51] Moreover, he indicated that the Duterte Administration intends to utilise the EDCA "to come up with rapid response during natural calamities, to address terrorism, and to enhance Philippine law-enforcement capabilities."[52] He added that "joint military exercises will not

be given focus or just downgraded, at least."[53] In effect, the continued existence of the Philippine-US alliance would revolve around the Duterte Administration's war on drugs, humanitarian assistance and risk reduction, and counter-terrorism operations against Islamic militants in Mindanao. This thrust has essentially rendered the alliance useless in constraining and deterring China's maritime expansion in the South China Sea.

Pursuing an Appeasement Policy on China

After a three-year wait, the PCA decided on the maritime dispute between the Philippines and China on July 12, 2016. The five-judge PCA unanimously ruled in favour of the Philippines on almost all its claims against China. It determined that China's claim to historic rights through its nine-dash line in the South China Sea is contrary to international law.[54] The court noted that none of the Spratlys is legally islands because they cannot sustain a stable human community or independent economic life.[55]Finally, it found China guilty of damaging the marine environment by building artificial islands, and of illegally preventing Filipinos from fishing and conducting oil explorations in the Philippines' EEZ.[56]

Despite its overwhelming legal triumph, the Duterte Administration met the eagerly anticipated decision with sober, cautious, and even muted reaction. Its response was ultra-low key as it neither flaunted the victory nor taunted China with the favourable ruling. Although the domestic reaction was overwhelmingly positive and jubilant, then-Foreign Secretary Yasay merely said that he welcomed the ruling and called on the Filipinos to exercise restraint and sobriety. During the 49th ASEAN Foreign Ministers Meeting in Laos, Foreign Secretary Yasay withdrew the country's motion to include the PCA decision in the ASEAN Joint Communique after Cambodia objected to its inclusion. Designated as the country's special envoy to China, former President Fidel Ramos suggested that the PCA award be set aside as the Duterte Administration is still pursuing bilateral negotiations with China. Irrefutably, the government is adopting an appeasement policy on China despite the PCA ruling favourable to the Philippines.

President Duterte is evidently forging to a calibrated foreign policy by gravitating toward China. He declared that he is amenable to direct bilateral negotiations with China. In contrast, former President Aquino brought the South China Sea dispute for international arbitration at the PCA. Sounding subservient, President Duterte said that the PCA Award to the Philippines is purely a bilateral issue between the Philippines and China, and is not a concern of the ASEAN.[57] Then-Foreign Secretary Yasay argued "that the relationship between the two countries (China and the Philippines) was not limited to the maritime dispute. There were other areas of concern in such fields as investment, trade, and tourism and discussing them could open the doors for talks on the maritime issues."[58]

Intentionally, President Duterte has created a diplomatic/strategic cleavage between the Philippines and the US; by leaning on China and Russia.[59] Accompanied by 250 Filipino businessmen, he visited China on October 20-21, 2016, to seek a new partnership at a time when tension between the Philippines and the US was mounting.[60] President Duterte's foreign policy agenda involves developing and maintaining an independent and pro-active posture so he can adroitly balance the major powers in East Asia. This is intended to promote Philippine-China bilateral relations that can allow both sides to embark on major infrastructure and investment projects, as well as other forms of cooperation to restore mutual trust and confidence.[61]

During their first meeting, President Xi Jinping and President Duterte talked about enhancing practical bilateral cooperation. Specifically, President Xi asked President Duterte to coordinate their development strategies and cooperate with each other within the framework of BRI.[62]Both leaders issued a joint communique that laid down areas for comprehensive cooperation and signed memorandums of cooperation in 13 areas including economics and trade, investment, financing, and construction of infrastructure.[63] The total amount of money committed by China to boost economic cooperation between the two countries was $13.5 billion, of which $9billion was earmarked for Philippine infrastructure development.[64]

In his speeches and policy initiatives after his 2016 trip to China, President Duterte intimated that he is diplomatically and strategically disengaging the Philippines from the US while tilting the balance in favour of China and Russia.[65] Toeing the line, then-Secretary Yasay admitted that the Philippines is helpless in stopping China's maritime expansion and militarisation activities on the disputed islands in the South China Sea.[66] He mentioned that it is wiser and more prudent to let other countries that are concerned with China's activities take action (themselves), citing the US and Japan which have raised their concerns on the freedom of navigation and overflight operations.[67] He announced as well that the Philippines has its own bilateral engagement with China to ensure no further actions.[68]

On December 20, 2016, Chief Presidential Legal Counsel, Salvador B. Panelo, recommended that the PCA ruling favouring the Philippines be set aside temporarily "since the country cannot enforce it against China."[69] He went on to say that "instead of trying to enforce it against China with a minimal chance of success, the Philippines should take advantage of economic benefits resulting from better relations with China."[70] On December 22, 2016, President Duterte himself declared his readiness to shelve aside the PCA ruling amidst reports that PLAN has installed weapon systems in the seven land features occupied by China.[71] Succinctly, he said the changing nature of international politics in Southeast Asia prompted his decision. This stance radically differs from President Aquino's position of standing up to China.

President Duterte's position of not challenging China from building structures on the disputed shoal springs from his calculation that appeasing China has its rewards. His pro-China stance could spell billions of US dollars in deals including an agreement for agricultural exports to China, and loans for infrastructure projects such as railways and hydroelectric dams through BRI. By early 2017, President Duterte's efforts to appease China began to bear fruit. In February 2017, the vice-governor of the state-owned China Development Bank visited one of Manila's main terminal facilities to look at the prospects of investing in Manila, Cebu, and Davao. The ocular inspection came on the heels of the Philippines decision

not to challenge Chinese expansionist efforts in the South China Sea.[72] Moreover, the Philippines tries to interest the China National Technical Import and Export Corporation to expand the Manila Harbour Centre Port Terminal by constructing an additional 20 hectares (49 acres) of handling and storage space and 1,000 meters (3,280 feet) of new berthing space.[73] On the one hand, from China's perspective, proximity to the South China Sea makes the Philippines ports attractive to the Chinese capital. On the other hand, the Philippines urgently needs investments and expertise to improve the economy's seaborne trade network.[74]

In March 2017, President Duterte admitted that the Philippines could not stop China's reported plan to construct an environmental monitoring station on the disputed Scarborough Shoal.[75] Questioned by a journalist about his view on the prospect of China building a radar station on the shoal, President Duterte exposed his appeasement scheme vis-à-vis Chinese maritime expansion when he answered: "We cannot stop China from doing this thing. So, what do you want me to do … declare war on China? I can, but we'll all lose our military and policemen tomorrow."[76] Interestingly, President Duterte even wants Chinese ships "to pass or come and dock" in the Philippines as long as "they will not do anything to the Philippine Coast Guard (PSG) as it patrols the country's maritime waters."[77]

In March 2017, the third Vice Premier of China Wang Yang visited Davao City and witnessed the exchange of letters between the Philippines and Chinese officials on the feasibility studies on infrastructure projects that China will finance.[78] The Chinese Vice Premier visited portions of the proposed Davao Coastline and the Portland Development Project. He was also briefed on the planned Davao City Expressway and the Mindanao Railway. Vice Premier Wang duly expressed China's interest to fund the various infrastructure projects presented to him while he was in Davao City.[79] After that, the Philippines and China signed a six-year economic cooperation agreement.[80] The agreement commits China to finance 15 big-ticket infrastructure projects such as $53.6 million Chico River Pump Irrigation, $374 million New Centennial Water

Source-Kaliwa Dam, and South Line of the North-South Railway.[81]

Not surprisingly, President Duterte is acquiescent to increased Chinese island-building activities in the South China Sea. Obviously, he has been lured by the Chinese promise of trade concessions, grants, loans, and investments. Consequently, his administration has parroted Beijing's official line "that after several years of disruption caused mainly by non-regional countries (Japan and the US), the South China Sea has calmed with China and Southeast Asian countries agreeing to peacefully resolve [their] disputes."[82]

In mid-May 2017, President Duterte and his cabinet went to China for the second time in less than a year to attend the BRI Forum for International Cooperation. They all literally chanted the mantra "that the BRI complements the administration's Build-Build-Build Infrastructure Plan."[83] The plan involves the building of a nationwide infrastructure network that will connect the Philippines' 7, 100 islands into one cohesive and dynamic whole and make the country one of Asia's tiger economies.[84] Top government officials are convinced that BRI could provide the necessary capital for the Philippines to improve its infrastructure and connectivity, and thus create the international context for the infrastructure plan of the Duterte Administration.[85] They accept without any doubt Beijing's official line that China has a surplus of capital as well as experience and expertise in infrastructure construction. They also regard BRI as more than an infrastructure-building enterprise as it will also expand the regional market, diversify the investment scheme, and reinforce people-to-people connectivity.

The Chinese host told the Philippine delegation that as part of the ASEAN connectivity plan, Indonesia, Malaysia, and the Philippines will be connected directly to Singapore, then all the way to Kunming in Southwest of China.[86] From there, the Philippines will be further linked to Central Asia and then to Europe.[87]Elated by this scheme of direct connection to Eurasia and Europe, the Philippine business delegation released a statement in Beijing lauding BRI:

> We note that (President Xi) desired the Belt and Road as a bridge for peace, a road to prosperity, a way to boost inclusive

> growth and balanced development, and to promote equality. The Philippines shares the view that a peaceful environment is needed to achieve development goals. We are looking forward to the One Belt, One Road Initiative in promoting a prosperous and peaceful community of nations.[88]

The current strategy of sustained economic and inclusive growth of the Philippines is anchored on an unprecedented infrastructure programme that entails Php 8.4 trillion (estimated $17 billion in funds) over the next five years. The Philippines eyes a sizeable portion of the estimated $1trilion that China will invest in 60 countries to develop land and maritime routes following the old Silk Road network that once connected China to Central Asia and Europe. Furthermore, it is projected that the China-led programme will not only help the Philippines' infrastructure development will also promote global free trade and integrate Asian and European economies.[89] Philippine Finance Secretary Carlos Dominguez III articulated the administration's high expectations from the BRI when he opined:

> The Philippine is building a lot of infrastructure, of course with the help of China, and among the infrastructure that we are building are ports and airports. That will lower the cost of shipping our goods to say Hong Kong or to Shanghai and that will open markets to us along the corridor between China and the Middle East and Europe … We are the largest exporters of tropical fruits (in Asia) so definitely there will be a lot of benefits to us if we are able to open markets in let's say Kazakhstan, in Uzbekistan, along the One Belt, One Road area …[90]

Pursuing the Appeasement Agenda in ASEAN

During President Aquino's term, the Philippines brought the South China Sea dispute to the attention of the ASEAN. The Philippines hoped that this regional association could convince China to accept a more binding code of conduct in the South China Sea to prevent it from building more military outposts on the islets and

shoals and from conducting provocative actions against the other claimant states. In April 2012, the Philippines tried to elicit the ASEAN's support for its proposal for the creation of a "Zone of Peace, Freedom, Friendship, and Cooperation." This proposal simply sought for the clarification on the maritime boundary claims in the South China Sea by all parties, as well as the conversion of disputed areas into special enclaves where disputing parties could jointly develop projects.[91] China, however, did not want the dispute to be multi-lateralised, preferring to resolve it bilaterally.

During the 30th ASEAN Summit Meeting in Manila, however, President Duterte downplayed this territorial row. He announced on April 27 that he would not raise the PCA rulings on the South China Sea during the ASEAN Summit.[92] During a press conference at the Malacanang Palace two days before the event, he emphatically declared that "we [ASEAN] will skip, I will skip the arbitral ruling. It is not an issue here in the ASEAN."[93] By accepting Chinese economic largess and rejecting former President Aquino's confrontational stance on the South China Sea dispute, President Duterte dismissed benefits that could come out from the PCA ruling. Responding to his domestic critics, President Duterte deridingly pointed out: "What would be the purpose of discussing it? Who will dare pressure China?"[94]

True to his word, President Duterte as chairman of the 30th ASEAN Summit avoided any adversarial statements directed at China. The chairman's communiqué neither included any references to China's island-building and weapons deployment on the reclaimed land features nor touched on the PCA ruling that declared China's excessive claim in the South China Sea as a violation of international law. The ASEAN diplomats alleged that the Chinese Government pressured the Philippines to keep the South China Sea issue off the ASEAN agenda. The communiqué, however, retained the phrase "the need to demonstrate full respect for legal and diplomatic process' in resolving the dispute." This was a subtle reference to the PCA ruling and to the regional negotiations for a code of conduct (COC) in the South China Sea.[95] Still, the statement also welcomed China's cooperation with ASEAN on the drafting of a COC framework.

Some ASEAN leaders tried to include the phrase "such reclamation and militarisation (in the South China Sea islands) that may further complicate the situations." However, President Duterte determined that it was pointless to discuss China's island reclamation in the disputed waters and the PCA ruling, calling both as non-issues.[96] Pleased by the Philippine President's moves to soften the chairperson's communiqué, the Chinese foreign ministry noted: "Mr Duterte's remarks said that it would continue to deal with the Philippines to create a sound environment for stable development of bilateral relations."[97] Consequently, during the Philippines' chairmanship, Chinese Primer Li Keqiang cited previous ASEAN meetings to substantiate that the tension in the South China Sea has eased and the two sides are making notable progress in negotiating for a COC to manage the maritime dispute.[98] Other Chinese officials gloated over China's remarkable success in preventing the ASEAN from challenging Chinese expansion in the South China Sea, which means that the process of negotiating a COC and its eventual outcome will legitimise Chinese control of the disputed sea.

The Long-term Cost of Appeasement

Facilitating China's efforts to project its maritime power in the Western Pacific is adversely affecting the Philippines' territorial and long-term strategic and economic interests as an archipelagic state. The Duterte Administration's appeasement policy on China does not only cost the Philippines' its territorial rights in the South China Sea and the trust and confidence of its traditional allies and security partners. By appeasing an expansionist power, the Philippines becomes complicit in China's long-term strategy of maritime expansion aimed to ease the US out of East Asia. It also upsets the present balance of power in the region, and more significantly, erodes Southeast Asia's maritime order. The Duterte Administration's appeasement policy on China has the following far-reaching implications:

- *Preempting the formation of an international coalition that can advance the 2016 UNCLOS Award versus China's maritime expansion* – The PCA award produced the basis and

motivation for cooperation among states that are threatened by China's maritime expansion and consequently, are supportive of international law. Before July 12, 2016, the maxim of "to each his own" hindered these states from engaging in robust cooperation to constrain China's maritime expansion. With the PCA's ruling that China's nine-dash line is invalid, littoral states like the Philippines, Malaysia, Indonesia, and Vietnam can join forces and lawfully align themselves with major naval powers like the US, Japan, Australia, and India to defend their EEZ against Chinese encroachment, and rationalise the effort to uphold international law. If cooperation among these states before the ruling could easily be interpreted as taking sides and ganging up on China, now it can be regarded as a collective effort by the international community to defend the rules-based international order against an aggressive and expansionist power. However, by appeasing China, the Philippines has lost any motivation and the moral high ground to form and lead this coalition of states. Instead, it subscribes to China's preferred solutions to the South China Sea imbroglio – bilateral negotiations and joint development.

- *Widening the cleavage within ASEAN* – as a regional association of middle and small powers in Southeast Asia, the ASEAN has the potential to constrain China from expanding into the South China Sea and unravelling the regional maritime order. Since 2003, China has not only prevented the ASEAN from effectively embedding it to the association's way of managing security issues by stonewalling the Southeast Asian states' efforts to negotiate a multilateral and legally binding COC. More importantly, it has also effectively neutralised the regional organisation by creating divisions within ASEAN by slicing its member states one by one. Called Salami strategy, involves offering each claimant state a joint development venture as a means of resolving the South China Sea dispute. This is an important component of China's diplomatic initiative of "setting aside disputes and pursuing joint development" with a claimant state on the disputed maritime territories that from China's perspective actually belong to it.

By accepting China's offer of joint development, the Philippines has effectively widened the divisions within the ASEAN and has effectively weakened this regional association.

- *Emboldening China expansion into the South China Sea leading to the unravelling of Southeast Asia's maritime order* – From 2011 to 2016, the Aquino Administration pursued a balancing policy on China as it promoted closer security cooperation with the US. The most salient component of this balancing policy on China is the signing of the EDCA, which provides American forward-deployed forces strategic rotational presence in Philippine territory, as well as extensive access to Philippine military facilities. The agreement has been forged to strategically constrain China that has stepped up its territorial foothold in the South China Sea. The Aquino Administration also filed a claim against China in the PCA. President Duterte is undoing President Aquino's geopolitical agenda of balancing China's expansive claim in the South China Sea. He distances his country from its long-standing treaty ally while moving closer to a regional power bent on effecting a territorial revision in East Asia. He has also set aside the 2016 UNCLOS decision on the South China Sea dispute. His maritime security policy is aimed at appeasing China, in contrast to then-President Aquino's balancing strategy. The Duterte Administration is convinced its appeasement policy on China is worth pursuing because it makes the country a beneficiary of the latter's emergence as a global economic power.

China effectively changed Philippine foreign policy because it found an effective tool to drive a wedge between countries and within countries that it sees as having an impact on its core interests such as Taiwan, Tibet, and the South China Sea. Through BRI, China was able to undermine the US-led bilateral alliances in East Asia and the Southeast Asia maritime order as it is empowered to create new power relationships and arrangements that exclude the US. Relevant to the South China Sea dispute, BRI enabled China to foster greater stability in its bilateral relations with the disputant countries. This became evident as China was able to influence Philippine domestic

politics in 2016, veer the country away from its main strategic ally, the US, and alter its balancing policy on China's expansionist agenda in the South China Sea. China's ability to change the Philippines' foreign policy relative to the South China Sea dispute is emboldening this emergent power to expand to the South China Sea and in the process, relegate Southeast Asia's global, open, and liberal maritime order to the dustbin of history.

Conclusion

President Duterte's appeasement policy aims to undo President Aquino's geopolitical agenda of balancing China's expansive claim in the South China Sea. He distances his country from its long-standing treaty ally; while cosying up to a regional power bent on effecting a territorial revision in East Asia. He has also set aside the 2016 UNCLOS decision on the South China Sea dispute. His maritime security policy is designed to appease China, in contrast to then-President Aquino's balancing strategy.

Evidently, the Duterte Administration is convinced that its appeasement policy on China is worth pursuing because it makes the Philippines a beneficiary of the latter's emergence as a global economic power. By appeasing an expansionist power, however, the Philippine government colludes with China in its long-term strategy of maritime expansion aimed to ease the US out of East Asia. This will upset the current balance of power in the region. Furthermore, by being complicit in China's moves to project its maritime power in the Western Pacific, particularly in Southeast Asia's maritime commons, the Philippines puts at risk its territorial, strategic, and economic interests as an archipelagic state in the Indo-Pacific. More significantly, the Philippines' efforts to appease China embolden the latter to pursue its expansionist agenda in the South China Sea and, in the process, make Southeast Asia's global, open, and liberal maritime order a thing of the past.

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22. The US, China and the Asian Security Order by 2025: A Taiwanese Perspective

Arthur Shuhfan Ding

Changes in Asia since the 1990s

Since the 1990s Asia has experienced enormous region-wide changes. These changes include, but do not limit to the following: growing region-wide economic integration in the form of different FTAs such as ASEAN-plus FTAs, RCEP (which is under negotiation), and CP-TPP, and proactive measures taken by regional countries to shape a regional environment conducive to their own security such as the ARF and the ADMM-Plus.[1]

On the other hand, changes have also been brought by individual major powers. There is no doubt that India is a growing power proactively engaging other parts of this region and putting tremendous effort to develop its economy by launching "Make in India" under Prime Minister Modi. Japan under Prime Minister Abe launched global diplomacy aiming to play a leading role in global affairs and successfully transformed TPP into CP-TPP after the US under President Trump had backed out from TPP. China's rise to become the second-largest economic power in the world after forty years of economic reform is another example bringing change to the political landscape in Asia and the world. The US also mapped out strategies under different names from the Re-balance to Indo-Pacific to maintain its primacy status enjoyed since World War II.

It should be noted that changes have also happened at the sub-regional level and individual smaller actors. For instance, there is a Mekong River Commission which was established in 1995 by Thailand, Lao, Cambodia and Vietnam to "develop programmes

and strategies that best serve its mission to provide effective support for sustainable management and development of water and related resources."[2] North Korea has tried hard to break sanctions and isolation, and its actions, particularly its engagement with the US President Trump under the current leader Kim Jong-un, will bring serious implications for the Korean Peninsula, concerned major stakeholders, and regional order.

All changes stated above together have transformed the status of Asia in the world political map. The growing economic integration mechanism of different types of FTAs arrangements has boosted Asia's economy in terms of volume and quality, making Asia the fastest and biggest growth region, and transcending Asia's economy as a global economic locomotive.

On the other hand, there is a development disparity between Asia and the traditional western world. Asia hosts major powers, rising and established ones, which are competing and cooperating with one another. As a region, Asia is able to play an increasingly important economic role in the global economy, while traditional western powers and bloc, such as Great Britain, France and the EU, are struggling for maintaining their unity, their status and influence, as well as economic momentum.[3]

As a result, the centre of gravity of the world is shifting. Asia is becoming the centre of gravity, the call for the coming of the Asia Century has been voiced, and this opinion has been echoed by western analysts. For instance, after Amb. Kishore Mahbubani of Singapore had published his well-known book titled *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East* in 2008, Gideon Rachman published his book titled *Easternization: Asia's Rise and America's Decline from Obama to Trump and beyond* in 2017. Their books point out this phenomenon vividly.

Based on this phenomenon, the idea of multipolarity in Asia has been voiced. To some extent, this idea is a flip side of "multi-power"[4] which may presuppose the presence of multiple powers with significant capabilities and influence, they are equipped to take on responsibilities, and they respond to emerging challenges and threats with a degree of strategic autonomy. A world of multipolarism

implies simultaneous cooperation and competition among these powers and actors.

Despite the idea on multipolarity, there has been concern and scepticism over the vitality of some of these powers. Among them, for instance, how far the ASEAN, which is composed of ten member states with different goals and capabilities, can act as a unified actor and play the desired centrality role in the wake of increasing and worsening competition between the rising and assertive China and established America, and this has frequently been an issue of debate among ASEAN member political elites and analysts.[5] The ASEAN is also faced with economic competition for its RCEP against the CP-TPP.

Changed Premise

Recent development between the US and China in the name of trade war probably forces us to re-visit some observations that were concluded in previous years, and this is particularly the case for the idea of multipolarism/multi-power.

After the terrorist attack in 2001, the US strategic focus shifted and combating terrorists globally became the strategic priority. This shifted strategic focus allowed China rare opportunity to further develop itself and accumulate huge wealth and resources at hand, and simultaneously its status and influence ascended in the world. In the end, its national power was greatly boosted.

On the other hand, the wars in Afghanistan and Iraq in the name of combating terrorism brought negative impact to the US. It greatly exhausted the resources, making the US fall into another Vietnam War trap. Also, the wars, particularly the one in Iraq divided the western bloc, while the division between the Islamic world and the US was further exacerbated. The 2008/09 global financial meltdown served as a further blow to the US, creating a perception of the declined US power in the world.

China's rapid rise, along with perceived assertion such as reclamation in the South China Sea, and proactive policy such as OROB (or BRI) programme, created a debate in the US over the US policy toward China. Amid this debate, President Trump pushed

out his own version of "push back" policy, including the export ban of US-made sophisticated Integrated Circuit (IC) chips to China's ZTE, procurement prohibition of Huawei's 5G telecommunication systems, heightening import tariff on China-made products, and other measures.

It should be pointed out that President Trump's China policy reflects that a strong consensus in the US policy community has been formed.[6] Despite the fact that some groups oppose President Trump's tough approach toward China,[7] the consensus does advocate a tough or push-back policy toward China in many aspects. This implies the US, Democrats or Republicans,[8] can no longer tolerate China's growing influence globally, measures will be adopted to reverse the trend favourable to China, and a strategic shift of focus to compete with China in many, if not across-the-board, fronts in the US will be ushered.

President Trump's tough policy toward China signals a changed premise for the US-China relations and is likely to impact the multipolarism in Asia. Previously, the US engaged China with an emphasis on cooperation between the two sides, and it seems that there was an assumption in the US that China would evolve into an institution similar to that of the western world and share the same value. Nevertheless, China's performance disappointed the US,[9] and Xi Jinping's move to amend China's constitution by deleting State President's term limit served as the final straw because the goal of the engagement could not be justified at all.

Aside from the value and institution element, China is perceived to replace the US in the global area, and the element of power is involved. A book titled *The Hundred Year Marathon, China Secret Strategy to Replace America as the Global Superpower*[10] exemplifies this perception, and the year 2049 when the PRC celebrates its hundred years of the establishment is set for the ultimate goal.

Although China has become the second powerful actor in the world, its economic bottleneck and industrial weakness have enhanced the US determination. Constrained by rising labour cost and stringent environmental regulations in the past decade, relocation of manufacturing lines from China to Southeast Asia has

started. China's growth has been slow since 2012 when Xi Jinping took power.[11] The trade war launched by President Trump reinforced this slow-down and outflow trend. The consequence is declining reduced employment opportunity,[12] stagnant income, austerity in consumption,[13] and the slow transformation of economic structure from labour centred to innovation/technology-oriented one.[14]

Other factors may also impact China's economic development. Among them, ageing and low birth rate as a result of one-child policy ushered in the 1980s have become particularly chronic. Japan's example vividly demonstrates that after entering ageing society, the economy is likely to lose momentum as more resources will be relocated to social welfare and pension while fewer people can contribute to productivity. China's media has reported that the three provinces in the northeast region cannot afford their pension payment anymore at present, and this problem will proliferate to all other provinces in the next five years except Beijing, Shanghai, Shenzhen, Guangdong.[15]

In addition to economic challenges facing President Xi Jinping, there are also problems in social, diplomatic, and political aspects. There are serious social tensions in veteran affairs in which veterans have launched protest for their welfare and benefits and underground financial scandal in which hundreds of financial institutes could not pay back the promised high-interest rate. As a result, the investors took to streets charging the Chinese government for not protecting their interests. Both cases involve millions of people. In order to maintain social stability, President Xi has tightened up social control across the board to an un-precedent level in the post-1949 history, more resources have been budgeted for public and state security sectors,[16] and China has installed billions of surveillance camera nationwide in order to control the society.[17]

Diplomatically, China does not farewell. Aside from its strained relations with the US and deteriorated relations with other western countries over technology and investment issues, President Xi's flagship project, OBOR which was later renamed to BRI, has been criticised for lack of transparency and money trap.[18] The project is encountering resistance and backlash in many countries.[19] However, BRI goes well in some countries, such as Greece.

President Xi is not immune from domestic political pressure as well. His anti-corruption campaign has sacked millions of officials in the Chinese government, the CCP, and the Chinese military from the central to local levels nationwide. Princeling groups were all reportedly alienated at the same time. Ironically, his anti-corruption campaign accomplishment might have created many enemies and made him politically alone. However, his anti-corruption drive was welcomed society-wide. There is no doubt that he has amassed tremendous power in his hand after the campaign, like Mao, however, he cannot command the whole bureaucrats at his will.[20]

There is no doubt that the Chinese government has spent enormous resources to buttress the high-tech sector, but the unprecedented social control may serve as a brake for innovation. Several instances can be given. The first one is that Jack Ma of Alibaba and Robin Li of Baidu, both of whom have been forced to step down from the chairmanship of their companies. Now rumours are being spread as to when Pony Ma of Tencent will be forced to step down. A possible consequence as a result of the forced step-down is that political correctness is to replace professionalism for business development.

The second instance is that Alibaba has turned its money-making subsidiary, Ant Financial (螞蟻金服), to the Chinese government, while the Chinese government has limited share in Alibaba, but, with veto power. Also, Alibaba has developed a political study APP for the CCP for the purpose of nationwide political indoctrination mission based on Xi's ideology.[21] The intervention by the party and the state raises a basic question: how can these measures help develop China's innovation and whither China's innovation development?

Possible Future Trajectory

If both the above analyses of the US consensus about policy toward China and China's development are correct, what will be the possible trajectory before 2025?

First, competition between the US and China will inevitably become intensified and very likely proliferate to another front. In

fact, many Chinese analysts have foreseen this trend. In previous years, there was a saying among Chinese analysts describing that the US-China relations would not get any better but would not get worse. After the trade war has erupted, the new saying is that the US-China relations would not get any better but could get worse to an unpredictable level that you do not know where the bottom is.[22]

Related to the intensified competition with the US, it is very likely for the competition to proliferate into other fields. Although it is called a trade war, the war does not limit to trade, and in essence, many aspects have been covered ranging from the trade balance, technology, economic institution, development pattern, to value. In fact, it is no exaggeration to argue that it is a comprehensive competition covering all aspects of two different political and economic systems.[23]

Second, China's slow down economic growth, coupled with challenges posed by social, political and diplomatic pressures, has significant implications for power distribution. Briefly speaking, momentum for China to overtake the US economically by 2020 as someone had predicted in previous years, may slow down as it will take China more time to transform its economic structure and to further build China up.[24] This is particularly the case in the wake of the trade war.

Related to the second observation is that it will take more resources and time for China to make progress in high-tech areas in order to transform China's economic structure. After the technological sanction against ZTE, the US, probably along with other western countries, has intensified restrictions against China's access to western technology in the future. For instance, restrictions to get access to sensitive technologies are now imposed on Chinese students and visiting scholars in the US. In this circumstance, access to foreign high-tech with low cost is blocked and China must make more investment and take more time to make progress in high-tech areas.

As a matter of fact, the trade war launched by the US has woken up the Chinese. This is particularly the case for the sanction against ZTE in which the Chinese people have started to realise that China's IT relies heavily on the US imported sophisticated IC chips. The US

is still playing a leading role in certain high-tech areas, and it will take China years to catch up.

Third, President Xi is fighting two inter-related wars. In domestic politics, the unprecedented anti-corruption campaign launched by him since 2013 has alienated and strained relations with the bureaucrats and the princeling groups; the removing of the term limit of the state President in March 2018, along with increased state control over the society, has disappointed many elites who perceived that Chinese politics will retrogress to Mao's era under Xi; and the break-away with the convention designating a political successor before the start of the second five-year term will inevitably create a consequence that he has to stay as long as possible so that he can avoid an overwhelming backlash against him. In other words, he may have forced himself into a corner of no return.

Diplomatically, he has to balance China's relations with the US and with other countries. On one hand, China has adopted a moderate approach, doing its utmost to meet the US pressures on intellectual property rights protection, forced transfer of technology, and subsidy to the state-owned enterprises. These measures include enacting a new law regulating investment by foreign business at the annual National People' Congress held in March 2019, agreeing to increase procurement of American agricultural products and energy, allowing American banking institute, American Express, to set up settlement centre in China, approving Master Card to run internet payment business (although this approval may come late), removing propaganda on "Made in China 2025" and "Amazing China" video series programme from the public.

On the other hand, China has adopted a less assertive, if not moderate, approach toward its neighbours. From India, Vietnam,[25] to Japan,[26] border, either maritime or land, has been quiet; China was forthcoming to Prime Minister Mahathir's request to re-negotiate Malaysia's East Coast Rail Link (ECRL) project and agreed to cut cost by one-third so that President Xi's leadership prestige was not jeopardised as the ECRL which is a part of Xi's flagship BRI programme in Asia could not be aborted in Malaysia. All these indicate China's latest approach toward its neighbours in

the wake of the trade war with the US. The basic approach of China is to improve relations with the neighbouring countries in order to concentrate all its resources to deal with the US.

Xi Jinping must handle these two inter-related wars carefully. He is supposed to step down after two-terms of ten years each as the highest leader. It is very apparent that Xi will stay as China's highest leader after 2022 when the CCP's 20th Congress is convened, and if he does not handle the two-front war well, the 2022 win will become uncertain for him. In a nutshell, the room for him to make a mistake is greatly narrowed.

Implications for Asia

As many have pointed out, the trade war can benefit other countries in Asia. This is particularly the case for southeastern and southern Asia as many foreign, and Chinese businesses in China are moving their assembly lines and supply chains out of China to these areas in order to avoid the high tariff imposed by the US. This move-out will bring new economic momentum and opportunities for further economic growth to southeastern and southern Asia.

Long-term competition between the US and China implies sustained outflow of foreign and Chinese businesses from China, and this is likely to contribute to the forming of multipolarism in Asia. National power in terms of GDP in some southeast and southern Asian countries is likely to grow, and this is particularly the case for India,[27] as India has abundant manpower and probably not so stringent environmental regulation.

Various region-based FTAs are likely to grow despite the growing competition between the US and China. The economic element of the Indo-Pacific ushered by the US has no concrete programmes in the proposed fields of energy, infrastructure and telecommunication, while there is a strong need for China to promote, by providing more incentive to, the ASEAN-Plus and RCEP. Let alone the fact that it is uncertain if President Trump can win re-election and the fate of the Indo-Pacific is up on the air. Under these circumstances, there is room for those FTAs to grow even though the competition will inevitably put a brake on global economic growth.

Nevertheless, the potential risk exists. As foreseen by many analysts that if the competition between the US and China goes to the extreme, it would become inevitable for countries in Asia to be forced to choose a side between the two, and the trend toward multipolarism may slow down. However, the historical record of some countries shows that the likelihood of this undesired trend is low. Many countries have been loath to choose a side after the end of the Cold War so that they can have more room for manoeuvring.

It is difficult to foresee between the US and China who would prevail eventually and nations in Asia are closely monitoring and assessing the competition. Even though the US leads in many aspects, China is making an edge in certain areas. Also, President Trump's personal style really scares countries in Asia and drives its allies and friends away. Thus, cracks may appear in the established alliance system after World War II. China is not likely to fare well either before 2025 as previously stated challenges loom large.[28]

Implications for Taiwan-China Relations

How will the competition between the US and China impact Taiwan-China relations? And how will the Taiwan-China relations progress towards 2025? There is no doubt that the US-China competition will definitely impact Taiwan-China relations as international relations are shaped by the interaction of major powers while small actors need to adapt to the circumstances. Nevertheless, Taiwan-China relations are also shaped by the interaction between the two sides.

Taiwan-China relations have not been cordial since May 2016 when the Democratic Progressive Party (DPP) affiliated President Tsai Ing-wen took office. Although President Tsai has made efforts meeting China's position in order to allay China's concern over she might follow DPP's fundamentalist approach pursuing "Taiwan independence," Beijing gave her partial credit for her "incomplete test answer" but suspended some links and made clear that it was looking for a more definitive commitment to "one-China" before existing institutional relationships could continue unhindered.[29]

Taiwan-China relations started to strain after the newly elected US President Trump made a phone call to President Tsai. Beijing

perceived the phone call negatively, accusing the US Government for violating the one-China policy and at the same time for testing China's bottom line for potential negotiations. Beijing also perceived Taiwan's intention to embrace the US with a goal to counter China.[30] In order to punish Taiwan, Beijing cut one of Taiwan's limited diplomatic countries and had its military aircraft fly east of Taiwan. President Tsai criticised China's behaviour, and the relations between Taiwan and China further deteriorated.

In addition to pressurising Taiwan diplomatically and militarily, President Xi Jinping has to do something else so that Taiwan can be under China's influence if the expected reunification is not feasible in the short term. Xi's action on Taiwan policy is important for him in the context of the CCP's 20th Congress which is scheduled in the fall of 2022.

It is obvious that Xi would attempt to stay after the 20th Congress. But, the biggest challenge for President Xi to continue is how to convince Chinese people and how to prove this legitimacy. From what we can foresee now, the scorecard does not look promising and it is a daunting task ahead. By 2022, China's slow-down economy is unlikely to be reversed,[31] and the trade war with the US may exacerbate the already slow-down economy; diplomatic accomplishment may stall somewhere as competition with the US is likely to be intensified and BRI is to encounter many barriers; compounded by the already slow-down economy, chronic social problems will linger for long; and, there is potential strong political backlash by those sacked and alienated. It is obvious that no satisfactory performance can easily be achieved.

Atop of the previously stated challenges for his stay in power after the 20th Party Congress is the Taiwan issue. If he could make substantial progress on the Taiwan issue before 2022, that may be sufficient to convince the Chinese people and to prove his legitimacy of staying in power after 2022 as he would have solved China's final chronic problem of territorial integrity, and the reunification of Taiwan could really be expected and realised. President Xi could strongly argue that with the progress on Taiwan issue, the slogan he has pushed out since 2012 when he

took power, the great rejuvenation of the Chinese nation, has made substantial accomplishment.[32]

Nevertheless, the above-stated aspiration is difficult to be realised given the fact that Taiwan politics is complex, party rotation has become routine, and the DPP can do its utmost to block Xi's effort. Aside from diplomatic and military pressure, President Xi has adopted a proactive approach. Taking advantage of China's economic size and development as well as Taiwan's stagnant growth, he has unilaterally rolled out some measures, and the most well-known measure is the "31 clauses" as incentives provided to some sectors of Taiwan.[33] The goal of the measure, which was announced in March 2018, is to attract Taiwanese business, as well as talented and professional Taiwanese people to work and stay in China, and ultimately Taiwan would be absorbed by China.

In addition to the unilateral measures offered by different provinces and metropolitan cities, Beijing has done its utmost to build close social ties in Taiwan. One typical case is that in every June-July, a large scale *Hai Xia Lun Tan* (The Cross-Strait Forum) is organised in Xiamen city, Fujian Province, in which many of Taiwanese grass-root leaders are invited for free to participate in public policies and tourism-related activities. In brief, all these measures aim to absorb Taiwan.

On the other hand, the Taiwan issue is rising in the US. Xi Jinping's perceived assertive external policy, along with growing repressive domestic policy, grants Taiwan more sympathy from the US. Amid the atmosphere of growing consensus in the US on pushing China back, some acts and resolutions sympathy to Taiwan were ratified in the US Congress, such as Taiwan Travel Act and Taiwan Assurance Act, along with continued arms sales from Trump administration. This can boost the DPP government's morale and boost the US-Taiwan ties, while Beijing takes a wary approach and is worried about possible improved relations between Taiwan and the US.

In other words, the deteriorated US-China relations do impact Taiwan-China relations. On the one hand, pushing China back was transformed into strong sympathy support to Taiwan in the

US Congress. On the other hand, isolating Taiwan and cutting all communication channels with the DPP government left President Tsai no choice but to build close ties with the US.[34] This development also demonstrates that the competition element (between the US and China) alone cannot determine the Taiwan-China relations.

The US-China competition extends to Taiwan's political process, and the 2018 local election in Taiwan is a typical case. The election was held amid a widespread rumour that China intervened in the election through cyber and media world and the election outcome surprised many because the ruling DPP suffered a landslide defeat to the opposition Kuomintang (Nationalist).[35] The consequence is a perception that China's influence on Taiwan is rising and the election signalled this rising influence.[36]

On the other hand, the 2018 election reflects a diminishing influence of the US in Taiwan. Ambassador James Moriarty, the chairman of the American Institute in Taiwan which functions as the American Embassy in Taiwan, was interviewed by some Taiwanese media before the voting day. He pointed out that there were foreign influences which aimed at changing public opinion during the election. One media interviewing him was TVBS. TVBS posted the interview on its website for a very short period of time but removed it abruptly.[37] TVBS is perceived as one close to China in Taiwan. This was the first time ever in Taiwan that the interview of a high-ranking US government official was removed from websites. This signalled that the US influence was challenged.

The above case heralds a fact that Taiwan's incoming presidential and parliamentary elections which are scheduled in January 2020 may serve as another arena for the contest of influence between the US and China.[38] Beijing has extended its olive leaves to those groups and politicians who are perceived friendly to China in the form of procuring certain products, and Beijing's goal is simple: voting for these groups and politicians can build ties with China and help revitalise Taiwan's economy. The US, however, is perceived as not sitting idle. Some speculate that the US is behind President Tsai, supporting her to run the re-election.[39]

Notes

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9. Kurt Campbell and Ely Ratner, "The China Reckoning: How Beijing Defied American Expectation," *Foreign Affairs*, March/April 2018 at

https://www.foreignaffairs.com/articles/china/2018-02-13/china-reckoning Accessed on May 12, 2019.

10. Michael Pillsbury, The Hundred Year Marathon, China Secret Strategy to Replace America as the Global Superpower, New York: Henry Holt and Company, 2015.
11. In fact, Chinese leadership has foreseen this trend as demonstrated by a debate over near future development path between L and V type. In the end, the "L" type prevailed over the "V" type. It was said that the "L" type was advocated by those from President Xi Jinping camp, and is represented by vice premier Liu He. "L" advocates that the slow growth will stay for long while "V" argues there is a good opportunity for China's economy to strongly rebound in the near future.
12. China's media reported that major employers ranging from Huawei, Baidu, Jingdong, Alibaba, and Tencent are to reduce their recruitment. "Zhong guo jiu yie han dong lai lin da xue sheng zao gong zuo bian nan"(Employment winter in China is coming, college/university graduates hard to find job), *United Daily News* (Taiwan), November 27, 2018 at https://udn.com/news/story/7333/3504749. Accessed on March 10, 2019.
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18. Some analysts in China's major think tanks advocate that it is time to review BRI after BRI has been implemented for five years since 2018. Issues to be reviewed include geographical scope, items to be included and counted, and ethics and transparency. Personal interview, Beijing, October 2018. Apparently, China made change and this can be witnessed by Xi's statement made in the 2nd BRI summit meeting. "Xi Jinping Vows Transparency over Belt and Road," BBC, April 26, 2019 at https://www.bbc.com/news/business-48061951. Accessed on May 11, 2019.
19. One typical case is that of Malaysia's East Coast Rail Link (ECRL) project whose cost was cut by one third while Malaysia took advantage of the re-negotiation of the ECRL to sell more palm oil to China. "Malaysia to 'Take Advantage' of ECRL Deal to Sell More Palm Oil to China: Mahathir," *Channel News Asia*, April 15, 2019 at https://www.channelnewsasia.com/news/asia/malaysia-take-advantage-ecrl-deal-sell-more-palm-oil-to-china-11447056. Accessed on May 11, 2019; and Lily Guo, "Belt and Road Forum: China's 'Project of the Century' Hits Tough Times," *The Guardian*, April 25, 2019 at https://www.theguardian.com/world/2019/apr/25/belt-and-road-forum-chinas-project-of-the-century-hits-tough-times. Accessed on May 11, 2019.
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23. Denuclearisation on Alert: Reshaping Security Order on the Korean Peninsula

Ji Yeon-jung

The current process to denuclearise North Korea is in flux. The approaches to bilateral bargaining between the US and North Korea are polymorphous, resulting in constant spin-flip cycles. This trend has been accelerated since the US President Donald Trump and the North Korean leader Kim Jong-Un assumed their respective offices. The tense standoff of 2017 was reversed in the following year, oscillating between extreme hostility and amicability. The quick-moving process and bilateral summits amazed spectators. These events generated some dramatic buoyancy over North Korea's denuclearisation. However, the bilateral talks seem to have stalled after the Hanoi Summit in February 2019.

During this moment of uncertainty, it is necessary to perform a careful analysis of what momentum North Korea will attempt to keep, and how this will affect its long-term strategy. In recent years, under Kim Jong-un's leadership, three new trends have emerged in North Korea. First, the current leadership in Pyongyang favours a more go-getter attitude. If his predecessor preferred to develop the marginal capability of nuclear weapons, Kim Jong-Un targets to achieve maximum weapons capability. Second, Pyongyang exerted bold diplomacy to increase the costs associated with their denuclearisation. In North Korea's view, the higher its nuclear weapons capability becomes, the more costly the remunerations for giving those up should be. In this case, Pyongyang likely considers the expansion of their nuclear weapons programme as a route to increasing the remunerations associated with denuclearisation.

Third, if the talks on North Korea's denuclearisation remained unresolved, Pyongyang can claim that there is no obligation to denuclearisation. Thus, this paper attempts to examine if North Korea's new diplomacy under the current leadership aims to increase denuclearisation costs in case of the talks being prolonged. In order to answer this question, I examine three aspects: North Korea's nuclear weapons programme, its leadership, and the hurdles remained for denuclearisation.

North Korea's Denuclearisation is at an Impasse

The current impasse on North Korea's nuclear affair is reminiscent of earlier events. In 2017, North Korea's nuclear weapons development appeared to invite military confrontation. Between February and November this year, Pyongyang has demonstrated its military technology through multiple ballistic missiles tests and a nuclear test; two principal events lead to speculation that North Korea had successfully upgraded its nuclear weapons technology. The sixth nuclear test conducted on September 3, 2017, and the Hwasong-14 and 15, intercontinental ballistic missiles (ICBMs) tested on July 28 and November 29, 2017, manifested North Korea's gradual nuclear weapons capability and its developing potency.[1]

After a year of the nuclear test, Pyongyang claimed to have mastered the hydrogen bomb – yielding secondary fusion reactions from the contained hydrogen fuel, which is far more catastrophic than an ordinary single-stage nuclear bomb.[2] The scientific community generally called for more careful examinations of Pyongyang's mastery of the H-bomb. However, the political implications were more rapid and did not wait for factual examination.

Anticipating sanctions over North Korea's nuclear tests, there were serious concerns about a military exercise to dismantle North Korea's nuclear weapons programme and facilities. In response to the Hwasong-14 test in July, a first flight test of an ICBM that can threaten the US mainland, the US President Donald Trump expressed, "they [North Korea] will be met with fire and fury, and frankly power the likes of which this world has never seen before".[3] The risk to regional peace was intensified, and a military clash seemed possible.

The US repeatedly signalled its consideration of sending strategic nuclear bombers – B-52s – to the Korean Peninsula.[4] Dismissing Washington's response, North Korea conducted an intermediate-range ballistic missile test – the Hwasong-15 (KN-22) – which flew over Japan towards Guam. A series of ICBM tests during that year raised concerns, and many forecasted that the US mainland was no longer safe.[5]

This had two important implications. First, the Hwasong-15 was a cornerstone of Pyongyang's efforts to significantly increase its missile range. This is an analogue of the US Titan II, which was designed during the Cold War to deliver multi-megaton hydrogen bombs.[6] The payload weight during the Hwasong-15 test was unknown, yet many estimated it could reach up to 13,000 (the maximum if North Korea opted for standard trajectory and optimal payload).[7] Not only could Hwasong-15 reach most of Asia, but it might also be able to target most of the cities in the US.[8] Second, Hwasong-14 and Hwasong-15 have shown an improved payload system, being able to act as a multiple independently re-entry vehicle (MIRV). Jang Yeong-Seok at the Korea Aerospace University postulated that "The shape of the protective shroud, which would contain the re-entry vehicle, appears to have been designed with a MIRV in mind".[9] Together with an effort to miniaturise a nuclear warhead, loading multiple nuclear warheads on ICBMs would significantly improve North Korea's nuclear capability against its adversaries.

The heated debates on North Korea's ICBMs were enough to induce discussions about the US' options for a pre-emptive strike against North Korea.[10] However, for offensive use against the US, North Korea needs to prove technological validity, reliable precision, and effective re-entry technology. James Mattis, the US Secretary of Defence, noted that North Korea's tested ICBM "has not yet shown to be a capable threat against us [the US] right now."[11] The range of the missile is insufficient to conduct a competitive military operation, and the performance of MIRV is also uncertain. Analysing the Hwasong-15 test, CNN cited a US official that "the North Korean had problems with re-entry … and that the missile likely broke up upon re-entry into Earth's atmosphere".[12] Based on these reports,

it would be valid to believe, as Mira Rapp-Hopper has suggested, that even the latest Hwasong-15 test was "not a game-changer" in strategic perspective.[13] The Hwasong-14 might have fulfilled North Korea's immediate strategic needs, as did Hwasong-15; however, the interim stage of developing more modified engines to carry larger warheads required more time and investment.

Despite the intensity of 2017, in 2018 many were amazed to witness a series of talks on North Korea's denuclearisation.[14] Two rounds of summits between the US and North Korea at Singapore and Hanoi in June 2018 and February 2019 offered a limited but novel opening for a new process. Following inter-Korean communications, the US-North Korea summit offered a road map to a nuclear deal or at least the possibility of a compromise to suspend North Korea's nuclear and ICBM tests. In a joint statement, both sides agreed to establish some ground rules to promote bilateral relations and to de-escalate tension between two and in the region.[15] Later, the second summit at Hanoi in February 2019 received more attention. Surprisingly, the summit finished with two main points unresolved.

First, the scope and process for denuclearisation are unclear for all parties. After the summit, many analyses have generally concentrated on whether North Korea was deceitful to conceal hidden nuclear facilities, except in Yongbyon, or whether the US tactfully evaded making any deal to elicit greater gain later.[16] However, the denuclearisation process is undefined and complex, which leaves much room for bargaining in the absence of definitive notion of denuclearisation. Both Pyongyang and Washington attempted to take advantage of this loophole in favour of their national interest. Second, it is unclear what consensual remuneration should be for Pyongyang's denuclearisation. North Korea's nuclear weapons programme is motivated by a desire for regime survival and economic benefit. The offsetting cost that both sides can satisfy – or all countries involved in the Korean Peninsula – appeared to be increasing after North Korea succeeded to manufacture more nuclear weapons and delivery vehicles. As the present case is clearly different from the 1994 Agreed Framework or the beginning of the Six-party talks, Pyongyang may increase its demand for denuclearisation.

Then, a question arises: How developed does North Korean leader's investment for its nuclear weapons programme and how strongly determined is he to do so? To gauge the future cost and other factors for the deal, it is necessary to study North Korea's current focus and how its leadership will cope with external pressures.

A Singular Nuclear Programme under the Current Leadership

Since 2011, when Kim Jong-un, the Chairman of the Worker's Party of Korea, assumed his office, North Korea has been intently focused on its nuclear weapons programme. The current leader of North Korea singularly focuses on its nuclear weapons programme, more-so than his predecessors. Kim Jong-un ordered four nuclear tests in 2013, 2016 (January and September), and 2017 (within 6 years in his office), while Kim Jong-Il, his predecessor, ordered nuclear tests only twice, in 2006 and 2009.[17] To improve its nuclear and conventional forces, Pyongyang conducted a total of 89 nuclear and missile-related tests between 2011 and November 2017. The overall test number under Kim Jong-Un is five-times greater than his predecessor, who conducted two nuclear tests and 13 other tests, including nuclear or conventional weapons missiles.[18]

The intensive investments in the nuclear weapons programme show that the current leadership has a strong propensity to reposition North Korea as a de facto nuclear state. With the first nuclear test conducted under Kim Jong-Un in 2013 (the third nuclear test overall), Pyongyang built a legal ground as a nuclear-weapon state. Soon after the nuclear tests in February 2013, the Supreme People's Assembly passed a law on "Consolidating the Position of Nuclear Weapons State for Self-Defence" on March 31 and promulgated in April.[19] Comprising ten articles, North Korea's law incorporates defining elements of its nuclear weapons policy, posture, and strategies, which is similar to the nuclear doctrines or of other countries.[20] North Korea explicitly set the US as its main adversary; however, it does not exclude nuclear threats from other countries, from a form of extended nuclear deterrence or otherwise.[21] This law also emphasises North Korea's commitment to enhance the

credibility of nuclear deterrence by developing its nuclear weapons capability (both in quantity and quality, as in Clause 3).[22] North Korea's investment in the delivery vehicle had also become a top policy priority, with the Supreme People's Assembly passing a law to set up the State Space Development Bureau.[23]

The following two nuclear tests in 2016 showed Pyongyang's top priority remained its nuclear weapons programme. Through its four and fifth nuclear tests, Pyongyang claimed to have mastered the hydrogen bomb, which they claimed could be miniaturised and loaded to a delivery vehicle.[24] In 2017, Kim Jung-Un claimed that North Korea had achieved "the status of nuclear power" and was capable of a pre-emptive strike for self-defence.[25] North Korea's claim of technological development remains controversial. However, Pyongyang seemed to be rapidly advancing to achieve an effective deterrence posture that would be sufficient to rebound tougher international sanctions against its move. Up until North Korea halted further tests as a result of high-profile talks with the US and South Korea in 2018, Pyongyang had a single focus of improving its defence capability through its nuclear weapons programme.

The current estimates of North Korea's nuclear capability vary more than ever. The US intelligence community, South Korean officials, and the non-governmental public sources estimate Pyongyang's fissile material stockpiles as being able to produce a maximum of 60 nuclear warheads.[26] These estimates include other studies and opinions that predict that North Korea might have 13 or 20 nuclear warheads.[27] And, by the November 2017 test, North Korea's nuclear-capable ICBMs capability – which was based on the Hwasong-15 – was demonstrated: according to an initial assessment of the Central Intelligence Agency and National Air and Space Intelligence Centre, the Hwasong-15 could potentially reach the entire US mainland if its payload was weight-optimised.[28] Even if this initial estimate was an exaggeration (as Secretary of Defence James Mattis remained sceptical), North Korea continued to intensively invest in ballistic missile tests, making nine ICBM and Medium-range ballistic missiles (MRBMs) tests in 2017. Hence, North Korea's focus on its nuclear weapons programme is unaltered and improved.

2016 to 2017, the UNSC adopted six resolutions (Resolution 2270, 2321, 2356, 2371, 2375, and 2397) that impose more stringent economic sanctions on North Korea's nuclear and missile tests.[31] These resolutions aim to delimit North Korea's economy, not only related to activities on the Weapons of Mass Destruction (WMDs) but also includes trade and transactions for civilian purposes.[32] Four resolutions, 2321, 2371, 2375, and 2397, had increased pressure on North Korea's export. Resolution 2321 banned North Korea from exporting various minerals, including copper, nickel, silver, zinc, and coal. In particular, this resolution targeted North Korea's coal export, aiming to dismantle its export link to China.[33] This sanction appeared to be effective at piling pressure on North Korea. In the 2017 New Year Address, Kim Jung-Un changed the priorities for economic growth, prioritising, for instance, science and technology, the engineering industry, electricity, metal, and chemical industries, and the coal sector.[34] The coal sector, that had been driving North Korea's economy, was given the lowest priority. Resolutions 2371 (August 2017), 2375 (September 2017), and 2397 (December 2017) expanded the list of North Korea's banned export items (which would now include iron and iron ore, seafood and agricultural product, and textiles).[35]

The import items were also updated as more sanctions were imposed. Resolution 2375 banned Pyongyang from importing crude oil, natural gas, and condensate, and limited refined petroleum import to two million barrels. Resolution 2397 then tightened the limit on North Korea's crude oil import, to a maximum of 500,000 barrels, and banned the import of heavy machinery and industrial and electrical equipment.[36] The sanctions also limited foreign transactions and joint ventures among individuals and entities.

Unilateral sanctions that several countries imposed to make UN sanctions more effective resulted productively. The US Department of the Treasury conducted Executive orders 13722 (March 16, 2016) and 13810 (September 21, 2017), in addition to another four orders promulgated in response to North Korea's WMD activities.[37] Particularly, Washington's announcement to sanction North Korea in compliance with Countering America's Adversaries

Through Sanctions Act (CAATSA): H. R. 3364 in 2017, as well as the secondary sanctions, widens the scope of sanctioning targets. The US secondary sanctions include blocking third parties from engaging in prohibited activities with North Korea.[38] For instance, it penalised Dandong Hongxiang Industrial Development, a Chinese trading company that shared approximately 20 per cent of Sino-North Korea trade, as well as the Bank of Dandong, a key financial intermediary between the two countries. The entities on the lists are prevented from participating in North Korea's international trade and transactions.[39] The US' sanction list was further upgraded to designate "27 entities, 28 vessels, and 1 individual" on February 2018, thereby cutting off North Korea's maritime business, an impactful source of revenue through international waters.[40] From September 25, 2017, the US barred North Korean nationals from entering its territory.[41]

Other key allies of the US also initiated unilateral activities to pressurise Pyongyang and to support UN sanctions. After North Korea's fourth nuclear test, South Korea shut down the Gaesung Industrial Complex on February 10, 2016, announcing that it would terminate all economic cooperation with North Korea. At the time of shut down, the Gaesung Industrial Complex included 122 South Korean companies and participated in hiring approximately 54,000 North Korean employees. Thus, its closure appeared to be "one of the most powerful non-military options" ever executed against North Korea.[42] In tandem with the US' secondary sanctions, South Korea blacklisted key North Korean officials Choe Ryong-Hae and Hwang Pyong-so, chief policy-makers in Pyongyang.[43] Seoul's reconciliation gesture from 2018 marked a micro-shift in its approach to Pyongyang, expressing its willingness to launch joint research on inter-Korean rail and road connections with Pyongyang. Japan also took unilateral action to ban North Korea's international trade and transactions. In response to North Korea's fourth nuclear test in January 2016, Tokyo banned North Korean entry to Japan, international transactions of more than $890, and port calls. Following a fifth nuclear test in December 2016, Japan added 19 entities and individuals to the list, thereby impacting more than 210

organisations and individuals from other countries, mainly Russia and China.[44] Australia and New Zealand participated in tracking North Korean vessels that might be conducting suspicious WMD activities.

The sanctions imposed between 2016 and 2017 appeared have an immediate effect on North Korea's economy. Up until 2016, North Korea appeared to achieve low but positive economic growth. However, in 2017, North Korea's economy shrank by -3.5 per cent. While it is premature to conclude that sanctions were the only factor to induce North Korea to engage in diplomacy and denuclearisation discussion, they have no doubt contributed considerably.

Overall, North Korea increasingly depends on its singular nuclear weapons programme for national security. Also, the sanctions imposed, in particular since 2016, might have been effective to force North Korea to engage in talks. These might not constrain North Korea's nuclear goal; however, Pyongyang seems at least interested in making denuclearisation part of its diplomacy while remaining uncertain about the ultimate abolishment of its nuclear weapons programme.

What Hurdles Remain

Three principal problems remain. First, none of the parties involved in denuclearisation talks has been clear about what denuclearisation would entail.[45] In the absence of a clear notion of denuclearisation, discussions have progressed as a bargaining process. As Evan J. R. Revere, non-resident senior fellow at Brookings, has pointed out, North Korea's understanding of denuclearisation "bears no resemblance to the American definition".[46] The US approach for denuclearising North Korea is based on the concept of Complete, Verifiable, and Irreversible Dismantlement (or Denuclearisation) (CVID) that is now renamed as "the final, fully verified denuclearisation".[47] This involves a packaged deal for denuclearisation at one-go, which includes verification and destruction of nuclear materials, facilities, warheads, nuclear-capable delivery vehicles, and transferring scientists, engineers, and related personnel.

Simply put, complete and unilateral denuclearisation is Washington's concept of denuclearisation. However, some

confusion arises on the definition of "complete" and "irreversible" denuclearisation itself in scientific perspectives, as many of the items mentioned above are in dual-use and have a grey area of political interpretations.[48] Furthermore, Jeffrey Lewis, Adjunct Professor at James Martin Centre for Non-proliferation Studies, stressed that CVID was intended for "partisan posture" rather than a policy when it was conceptualised under the George W. Bush administration.[49] And, while reserved by the Trump administration, this concept is not fully implementable.[50]

Meanwhile, North Korea's insistence on denuclearisation varies from the US's in the reference of "complete denuclearisation of the Korean peninsula" in the US-North Korea Joint Statement at Singapore 2018.[51] In Pyongyang's interpretation, the broadening scope of denuclearising the Korean peninsula includes not only North Korea's denuclearisation, but also with conditions to eliminate any nuclear threat or aggression to the Korean peninsula, including South Korea. Pyongyang's interpretation conspicuously targets to remove US extended deterrence in East Asia. On this ground, the Korean Central News Agency of North Korea blamed Washington for purposefully narrowing down the denuclearisation of the Korean peninsula to North Korea's denuclearisation on December 2018.[52] Additionally, Pyongyang insisted "it was now Washington's turn to make concessions" to respond to North Korea's self-moratorium of nuclear and ICBM testing and destruction of its nuclear test site.[53] Overall, the absence of a clear definition of denuclearisation (academic or practical) is a major hurdle to negotiation.

Second, concealment and transparency are contentious issues for denuclearisation. Following the Hanoi Summit in February 2019, many questions were raised about North Korea's integrity. Many have been casting doubts whether North Korea had concealed other clandestine nuclear facilities, except Yongbyon. The possibility of North Korea having hidden nuclear facilities was highlighted in Siegfried S. Hecker's 2010 article in the *Bulletin of the Atomic Scientists*, which recalls his visit to North Korea. His article dismissed North Korea's capability to produce large-scale of highly-enriched uranium (HEU) for making a bomb at that point in time,

still, the possibility of North Korea to have a "hidden centrifuge facility one that may well be dedicated to HEU production" remained.[54] In 2019, some believe that North Korea might have multiple hidden facilities including the one for HEU.[55] While rough estimates are often used to understand one's nuclear capability for deterrence, denuclearisation requires acute numbers and verification to complete the task. Since no one appears to know exactly "how much nuclear material North Korea has or even exactly what kinds of warheads they've developed", the past failures for North Korea's denuclearisation are likely to repeat, unless a new approach is taken.[56] Past failures to halt North Korea's rudimentary nuclear programme (the 1994 Agreed Framework and the Six-party talks) foster scepticism about the current process.[57] In an atmosphere of lack of trust, North Korea's concealment, if any, would seriously damage the denuclearisation process.

What's Next?

Denuclearisation is a time-consuming task with no guaranteed outcome. However, two rounds of summits created an opportunity to discuss denuclearisation. The intermediary products appeared to be more beneficial to North Korea; Kim Jong-Un is no longer seen as a reclusive leader and has now become a negotiable partner. This crushed the prevailing Mad Man theory, which describes him as an irrational leader, and resulted in a re-evaluation of his bargaining style, especially after North Korea took unprecedented steps to halt nuclear and ICBMs testing. However, North Korea's denuclearisation exercise remains in serious doubt, and the scale of the continuing nuclear weapons programme is debatable. The lack of consensus on denuclearisation also delays negotiations. More importantly, maintaining the impetus for denuclearisation will require a consensus on the scope and process of the denuclearisation and stringent bindings for conduct.

Overall, as long as North Korea can afford to run a nuclear weapons programme, Pyongyang may aim to increase its demands, including the cost for denuclearisation. Whereas this strategy may be working effectively so far, it also carries risk; the focus on

denuclearisation might increase the likelihood of the US' maximalist approach against North Korea.

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24. From Alliance to Networks: Managing India's Security Challenges in the Indian Ocean Region

Swaran Singh

With 7,500 km long coastline and hundreds of islands in the Lakshadweep on the west and Andaman and Nicobar in the east, the evolution of life in the Indian subcontinent has been closely intertwined with the culture, history and politics of the IOR. Historically, monsoon winds not only carried India's culture and commerce to faraway regions of Africa, Gulf, Mediterranean, South East Asia and the Far East but also encouraged and facilitated their inter-societal interactions. Over centuries, these have not only enriched India's own culture, traditions, and ideas but also facilitated their assimilation by local populations across the Indian Ocean rim. These have carved India's niche advantages of widespread indelible links with the IOR. These organic linkages were briefly undermined during the period of European imperialism that sought to restrict India's worldview to metropole-colony equations, but old connections were soon revived by the leaders of India's freedom moment and later by the successive generations of India's leaders. Today, when oceans are described as the "last frontiers" of economic growth and human development, SLOCs in the Indian Ocean have not just come to be one of the busiest around world's oceans but carry over 90 per cent of India's foreign trade. The potential of India's 2.4 million square kilometres of EEZ remains incalculable. All these have both redefined India's security challenges as also how India seeks to redress them.

But these indelible linkages of India with the IOR are not what sets India apart from other major powers that have influenced discourses and strategies on managing security challenges in the IOR. Given that independent India's worldview has been grounded in the philosophy of non-violence and nonalignment, India clearly stayed out of all the military alliances and naval bases that formed the dominant structures of the regional security architecture of the Cold War years. Indeed, being the leader of the Non-Aligned Movement (NAM), India sought to ensure that the entire IOR remained nonaligned. For this, India not only refused to join any post-World War II military alliances, but it also encouraged the IOR to stay non-aligned; even tried to "exert considerable ideological influence over newly independent Indian Ocean states in an effort to persuade them against entering into alliances with extra-regional powers."[1] Later, in the face of post-Suez canal crisis withdrawal of British Royal Navy from the Indian Ocean, India played a key role in UNGA adopting the 1971 Indian Ocean Zone of Peace (IOZOP) resolution that sought "to halt the military expansion of the great powers in the Indian Ocean and to eliminate military bases, nuclear weapons and other manifestation of great power rivalry."[2] This distinct approach of India in managing security challenges in the IOR has only gained traction with its emergence as a net security provider with the potential to influence the IOR's discourse and strategies.

While India's recent focus on building networks of developmental cooperation may have become more visible in case of initiatives in building blue or digital economies as new sources of prosperity, this also remains its approach in addressing mushrooming traditional and especially non-traditional security challenges. These challenges range from piracy, smuggling, illegal fishing, maritime terrorism, narcotics, human trafficking and so on. They all call for an inclusive, cooperative and collective security architecture as no single nation-state, howsoever powerful, can redress these on their own and within the limits of its national territories. The difference is that India has always steered clear from joining any military alliances especially those led by the US

hub-and-spokes strategy. Grounded in its civilisational history, networks had been India's mainstream frames for managing regional security. Now, in face of discourses on "national security" moving much beyond the conventional physical defence of a national border, an effective response mechanism to address the humanitarian crisis and natural disasters have become the most visible element of India's evolving Indian Ocean security strategy. Indian ships were involved in the safe evacuation of over 2,000 Indian expatriates and over 1,300 foreign nationals from Yemen in April 2015. Indian Navy has carried out similar rescue missions in Libya, Lebanon and Somalia. India was the "first responder" to calls of assistance – providing relief supplies and medical assistance – to flood-ravaged people of Sri Lanka first during the Tsunami of 2004 and then during June 2017 or in rescuing the Bangladeshis swept off the coast due to cyclone *Mora* or to alleviating the acute drinking water crisis in the Maldives in 2014 when India airlifted 1,000 tonnes of freshwater to Male. India also dispatched cyclone relief materials to Fiji in February 2016.[3] What is the vision that this expanding footprint of India promises to deliver in managing security challenges across the IOR?

From Alliances to Networks

Traditionally, inter-state military alliances had been, and they continue to be, the most favoured frame of International Relations theory to explain why states balance or bandwagon other states to "combat or deter aggression from *other states*". (Emphasis original)[4] Alliances of sovereign states were their primary efforts in ensuring national security especially against threats emanating from powerful inordinate challenges. Arnold Wolfer defines alliances as "a promise of mutual military assistance between two or more sovereign states."[5] But increasingly, threats and challenges to national security are (a) defined far more broadly than military aggressions, and (b) these no longer emanate exclusively from other states but largely from non-states actors like terrorist networks or multinational institutions and corporations. Conceptions of "power" have also

likewise evolved from hard power to soft, smart and sharp power and their asymmetry can trigger varied kinds of insecurity. Given this fluidity of threats, no nation can singularly ensure its national security as each of its security challenges now calls for multi-sectoral efforts from multiple agencies and actors, including state and non-state actors and their international organisations that have exponentially networked with non-state actors that include either private security companies or non-governmental organisations that work as bridge in administering multi-national initiatives amongst local beneficiaries.

Starting from the early 1990s, network analysis approach in International Relations theory has sought to fill this gap providing an alternative frame of reference to examine inter-states management of national security that has become increasingly intertwined with regional security. Networks had always been a familiar mode of organisation in international relations "that display neither the hierarchical character of states and conventional international organisations nor the ephemeral bargaining relationship of markets... networks are sets of relations that form structures, which in turn may constrain and enable agents."[6] Networks analysis, therefore, focuses on transmissions among nodes (individuals, organisations, states) rather than on the attributes of participant nodes. These transmissions of both material (weapons, money, disease) and non-material (information, beliefs, norms) make nodes essentially interdependent and determine their nodes' behaviour.[7] British and American experts of network analysis especially underline the "interest intermediation" thesis where networks are seen qualitatively as a new type of inter-state organisation underlining the centrality of state-society relationships where networks are seen as "a continuum ranging from highly integrated policy communities at one end to loosely integrated issue networks at the other."[8] The German governance school of network analysis sees the interest-intermediation application to all public-private interactions especially those in public policy domain that are characterised by non-hierarchical coordination and that aim at filling governance gaps and this approach most aptly captures as it explains the expanding role of NGOs in international relations.[9]

Infusion of technology is another evolving new domain that has greatly accelerated this pace of networking.

It is in this rapidly evolving backdrop of the network analysis that this chapter seeks to explore whether network analysis presents the aptest theoretical frame to examine India's approach to managing its security challenges in the IOR. It is important to underline, at the very outset, that India's civilisational connections with the IOR precede greatly to its evolution as a nation-state and while India may have inherited British assets and institutions, those civilisational linkages remain deeply ingrained in India's operational approach to the IOR. To cite one European historian's perspective: "India had always been at the crossroads of a maritime trade system connecting the Middle East and the Mediterranean on the one side and the Far East on the other, a system parallel to the famous 'Silk Route'... it was a powerful and organised trade network that Vasco da Game and the early Portuguese navigators encountered in the Indian Ocean at the close of the fifteenth century."[10] No doubt, kingdoms based in the Indian subcontinent may have been the first to build real war fleets in the region followed by the Chinese.[11] But, by early modern times, India's connections across the IOR were largely that of culture and commerce and devoid of any coercion or physical occupation of any of these littoral territories. Given that these were primarily people-to-people and not state-centric connections are often explained as the reason why sea-faring Arabs and Indians could not resist European naval fleets taking control of the IOR. The most visible links of India with IOR during the early modern times involved, "a major trading network based at Cambay in Gujarat and ... connected Cambay to Aden and Mocha ... with East African ports such as Mogadishu and Kilwa ... stretched all the way from Cambay to Melaka via the Bay of Bengal. The Bay of Bengal network included ports in Sri Lanka, the Coromandel Coast, Bengal, Burma, Thailand, Malaya and Aceh in Sumatra, and ports such as Guangzhou (Canton) and Quanzhou (Qayton) in the South China Sea."[12] Before the European occupation of the Indian subcontinent, India's "spice route" connections with the

IOR essentially involved not military alliances, but cultural and commercial networks maintained largely by trading communities.

Shifting Landscapes and Emerging India

No doubt colonial experience had briefly weakened India's links with the IOR, but the shared historical experience of European imperialism across the IOR had also germinated a sense of their shared identity and challenges. Freedom fighters in these countries had sought to revive both their enduring inter-societal links as also strengthen their consciousness about their shared aspirations for freedom and prosperity. These shared sentiments were to encourage IOR leaders to revive their past littoral economic, social and cultural linkages and evolve ocean-centric, regional cooperative groupings serving as a bridgehead between Africa, Asia and Australasia.[13] Along with their gradually growing transnational networks and dynamics involving littoral societies, SLOC, international legal regimes and information flow, their growing awareness about the value of oceans was also to make them conscious of the renewed interest and presence of certain major powers once again determining regional maritime discourses and strategies. India's size and strategic location also inferred advances in plays a leading role in moulding regional discourses and initiatives.

For example, as a leader of NAM, newly independent India was to play a key role in promoting the idea of IOZOP. This was aimed at ensuring great powers desist from expanding their military presence in the IOR. The proposal for IOZOP was first formally debated at the 1964 Cairo NAM summit where Sri Lankan Prime Minister, Sirimavo Bandaranaike took the lead urging that the Indian Ocean should be free from nuclear weapons of great powers. This idea also figured prominently in the January 1971 Singapore meeting of the Commonwealth Heads of States that formulated a Program of Action for promotion of economic, technical and social cooperation amongst the Indian Ocean states. Later that year UNGA debated upon it and passed a declaration providing (a) reasons for the Indian Ocean to be declared as Zone of Peace, and (b) suggesting measures to be taken to implement this. No doubt, India's naval and nuclear

build has sometimes been seen at variance with IOZOP, yet India till recently has continued to stand by its commitment to it. This was most recently articulated by India's NSA Ajit Doval at the Gaulle Dialogue of December 2014 and later reiterated by Foreign Minister Sushma Swaraj in August 2017.[14] Indeed, compared to having inherited two aircraft carriers in 1947, it is the non-military component of India's maritime capacities that have expanded exponentially in the last 72 years.

There is no denying that lately, the growth of China's export-oriented economy and enhanced naval capabilities and presence across the Indian Ocean has made India, as also other stakeholders in the IOR, renew their oceanic interests and launch new initiatives. Especially, China's MSR for the 21st century has given rise to India's efforts at either reviving old and/or launching a number of new unilateral, bilateral and multilateral initiatives. Some of these new ones have especially focused on developing ports and related infrastructure aimed at enhancing connectivity between Asia, African and Europe. It has of course also triggered more naval activity in the form of national drills, courtesy port calls as well as multilateral joint naval exercises. In some cases, this has resulted in more aggressive military manoeuvring, reviving conventional access denial strategies, but much greater efforts are being made towards providing relief in humanitarian crisis and natural disasters, collaborations against piracy, other illegal activities or accidents on high seas. As a result, a reordering of the maritime domain – both in its components as also with the introduction of new players – is palpable and countries around the world are seen increasing investments in their maritime capabilities, projecting soft and hard power through the development of naval facilities and naval activities and beyond.[15] In this shifting landscape of newer efforts, the focus seems to have moved from building alliances to evolving networks which makes it interesting to revisit several earlier initiatives that were driven by similar visions though not so recognised thus far. As regards India, this evolving network approach also seems more in line with India's historical experience in managing regional security in the IOR.

Indian Ocean Rim Association

The prophecy of Admiral Alfred Thayer Mahan[16] that "Whosoever controls the Indian Ocean dominates Asia ..." and its recognition by Sardar KM Panikkar who saw "linkages between Indian maritime activities in [the] Indian Ocean and her place in the world ..." was finally realised when, in 1997, India played a key role in the formation of Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). India had always supported "open regionalism" thesis and "from the very outset, India was against the idea of including any discussion of strategic issues in the organisational forum because of the potentially divisive nature of such a security debate."[17] This idea was first discussed during the November 1993 visit of South African Foreign Minister Pik Botha to India and later evolved during Nelson Mandel's January 1995 visit to India that led, in the same year, to a meeting in March to finalise a multilateral treaty to this effect in Mauritius which now serves as Secretariat. Instead of competing with existing major powers' military alliances and naval bases in defending against military threats, IOR-ARC focused on enhancing economic cooperation straddling across three continents, Asia, Africa and Australia.[18] Its Charter makes it an outward-looking forum for economic dialogue and its "open regionalism" approach that indeed makes it a misfit to "address defence and security cooperation" in the conventional sense of colonial security architecture of the yore.[19] Today, with 22 Members and seven Dialogue Partners – that include the Indian Ocean Tourism Organisation and Indian Ocean Research Group – this represents the largest multilateral network of the IOR states. The biennial meetings of its apex body IOR-ARC Council of (Foreign) Ministers was always preceded by meeting of the Indian Ocean Rim Academics Group, Indian Ocean Rim Business Forum, Working Group on Trade and investment, and the Committee of Senior Officials that underlines its priorities as also its essential character, though they do address urgent issues of the topical regional security scenarios as well.

A decade after having established the IOR-ARC, in the year 2008 India had initiated IONS. Modelled on the West Pacific Naval Symposium, it today consists of 32 IOR littoral states. Its biennial

meetings constitute the largest gathering of naval chiefs of the IOR member states. This again seeks only to provide an open and inclusive forum for discussion amongst navies of the IOR on regionally relevant maritime issues. Their deliberations aim only to generate a certain flow of information that would lead to a common understanding and possibly cooperative solutions amongst naval professionals of the IOR. Now the IOR-ARC is also rechristened as IORA and this grouping has expanded its focus from the promotion of trade and cultural links to ensure "better management and governance of Indian Ocean resources" that seeks to address emerging new issues of blue economy and sectoral integration.[20] And to "strengthen India's weakest link in the Indian Ocean, New Delhi has initiated an India-Africa Forum Summit in 2008 ... to reinvigorate old links, mounting demands for hydrocarbons and other commodities" that can build synergies in their rapidly growing economies.[21] The fact that 38 of the 55 African nations are coastal or island nations makes them significant for all maritime discourses including those in the IOR. Therefore, starting from the 1955 Afro-Asian Conference at Bandung through NAM and Commonwealth summits and South-South Cooperation, India has sought serious engagement with Africa. This shared vision of the IOR has evolved through components like peacekeeping, humanitarian relief, student scholarships and private and public investments. The recent articulations of India's vision of expanded definition of the Indo-Pacific have once again re-enforced India's enduring connection with coastal countries of East Africa to Australasia and beyond.

Non-Traditional Threats: Piracy in the Gulf of Aden

Before elucidating India's expanded view of the Indo-Pacific, rise of piracy since 2007 has evolved its most visible India connect to showcase New Delhi's conviction in building cooperative networks as bulwarks for addressing regional security challenges especially those that accrue from non-traditional security threats. None of the great power military alliances is seen useful in addressing the emerging problems of piracy and maritime terrorism. This has triggered the creation of scores of networks and the last decade

has witnessed India evolving its engagement with these anti-piracy multilateral networks. These engagements have since come to be the most visible component of India's network-centric approach to managing security challenges in the IOR. Also, the success of these maritime cooperative networks against piracy in the Gulf of Aden presents an example of the benefits of this approach which has resulted in a dramatic decline in piracy incidents in the region.[22] To begin with, following the UNSC Resolution 1851 (2008), India had become the founding member of the Contact Group on Piracy off the Coast of Somalia. This Contact Group was set up on January 14, 2009, and India's naval ships have since been actively involved in anti-piracy patrols in the Gulf of Aden and off the Horn of Africa. In terms of its bilateral arrangements, India also undertakes joint patrols off the waters of India's immediate neighbours like the Maldives, Seychelles, and Mauritius.

But above all these network-centric engagements, since 2012, India coordinates with all the three main multinational networks operating in Gulf of Aden namely, (i) NATO-led Force (Operation Shield), (ii) EU Force (EU-NAVFOR Somalia, Operation Atlanta), and (iii) CTF-151 led by the US. India along with China and Japan have joined these 'three forces' in their Bahrain-based 26-member Shared Awareness and Deconfliction (SHADE) initiative. The SHADE was set up in 2008 to facilitate navies by sharing their plans, concerns and grievances without creating any joint command.[23] The Indian navy has since "participated in SHADE meetings despite reservations from certain sections in the India government" as "United Nations contact group in New York ... was obviously a preferred destination" for New Delhi but "importance of SHADE has increased recently when ... number of piracy attacks has dropped precipitously in the region."[24]

It is instructive to note that, facilitated by their involvement with SHADE meeting and operations, India and China – that share a rather complicated relationship and have both been independently patrolling these waters since 2007 – have also been coordinating their operations in Internationally Recommended Transit Corridor under the Maritime Security Centre-Horn of Africa, organised by

EU-NAVFOR.[25] For India and China, this has been their first example of having a "working relationship on the high seas."[26] In 2011, for instance, Indian Navy's Tu-142 maritime patrol aircraft had helped Operation Ocean Shield in locating a Panamanian-flagged Chinese-owned bulk carrier MV Full City which had sent a distress call for help. Indeed, the most instructive was the joint operation of Chinese and Indian navies that occurred on 8th of April 2017 in jointly sanitising a highjacked Tuvalaun ship OS-35 though media from both the sides remained muted in celebrating this moment.[27] Indeed, the Indian Navy has evolved coordination with the navies of China, Japan and Russia, though they operate independently of each other.

Other Ad hoc/Informal Networks

Last decade has also witnessed India taking initiatives to build such networks of other bilateral and multilateral domain awareness initiatives through exchanges and exercise with other stakeholders of the IOR. Following September 2014 visit to Australia of Prime Minister Narendra Modi – first by Indian Prime Minister in last 28 years – that resulted in nuclear energy cooperation agreement and a joint declaration on security cooperation, their navies had started their AUSINDEX exercises from September 2015. Later, in 2017 Indian Air Force participated in a combined multilateral air combat exercise, Pitch Black, hosted by Australia involving the US, Canada, France, Germany, Indonesia, the Netherlands, New Zealand, Singapore, and Thailand. March this year saw Australia initiate a seminal project – Indo-Pacific Endeavour 19 – involving naval exercises and cooperation with seven regional navies of India, Malaysia, Thailand, Vietnam, Indonesia and Singapore. Before this as well, as a junior alliance partner of the US, Canberra made significant contributions to regional security from Afghanistan to the Gulf of Aden, but it now "aspires to play a more independent and central role in the region, alongside India."[28]

Likewise, Britain and the US have also been reviving interest in the Indian Ocean littoral though as part of the new Indo-Pacific geopolitics. During March 2019 visit to the UK by India's Naval Chief Admiral Sunil Lanba, there were discussions of London

forward-basing its as yet under-development Type-31 frigates in India just as it has done so in case of its in-service frigate HMS Monmouth in Bahrain. The two have also been talking on forming an aircraft carrier capability partnership and to increase levels of interoperability. Lanba was quoted saying, "We hope to partner the RN in leveraging our collective strength to ensure safety and security of the region."[29] India has also developed similar arrangements of joint patrolling of western Indian Ocean with France and become much closer with the US making it their major partner in President Trump's FOIP strategy. Here again, India has been trying to insist with its unique "inclusive" and "non-military" vision of "open regionalism" and this has been most visible in the way New Delhi has engaged in their recently revived Quadrilateral, or Quad, of four democracies – the US, Japan, Australia and India.

Quadrilateral of Democracies

Thanks to China's economic rise and it being the largest economic partner with most littoral states from East Africa to Pacific Coast of Americas, the Cold War divisions of Indian and Pacific Oceans based on the US naval commands have become increasingly irrelevant. Chokepoints like the Malacca Straits have become bridges and Australia's policy reorientation towards Asia remains its most apt example of this geopolitical shift. Dominant powers have accordingly re-calibrated their discourses that now focus on combined Indo-Pacific region where their strategies remain focused on restraining China's expanding footprint and to sustain their regional interest, access and influence. As a result, both India and the Indian Ocean have lately come to be closely connected with the Pacific and Indo-Pacific where Quad has raised several questions about the future of regional security architecture. At the very outset, however, given their varying visions, it is not yet clear if this so-called Quad can transcend its stopgap sub-union status to emerge as "a productive mini-lateral arrangement" for managing the security of this expanded IOR.[30] Closely connected is the question about what kind of security network structures or architecture can emerge from their knee-jerk reactions. At the core, their visions remain disjointed

and India stands out as the only non-alliance country in this Quad grouping that was first started in 2007 and then revived in 2017 after staying dysfunctional for ten years.

No doubt all nations of Quad agree on ensuring FOIP, yet they have not been able to institutionalise security or even display their cohesion through any ministerial or military interactions. This is even though all four have otherwise institutionalised various other ministerial dialogues and military exercises in their other bilateral or multilateral formations. Amongst these, India has, through its actions, inhibitions and statements sought to again decouple Quad from the Indo-Pacific.[31] This brings out India's distinct approach to regional security. During 2018, following Prime Minister Narendra Modi's informal summits with President Xi Jinping and President Vladimir Putin, respectively in Wuhan and Sochi, India's enthusiasm about the Quad appeared to be fading. But India continued underlining central principles of Quad – freedom of navigation, respect for laws of the seas and rule of law – through placing its conceptualisation of Quad as one of the various plurilateral formats rather than equating it or placing it at very helm of the Indo-Pacific geopolitics. India, therefore, was seen as if seeking "a nimble-footed balance in the Indo-Pacific between alignment and autonomy."[32] So while India has since agreed to up-gradation of the Quad that held its first ministerial-level trilateral in September 2019, it has continued to build bonhomie with both President Vladimir Putin and President Xi Jinping. This is because, guided by its geographic centrally, India conceptualises the Indo-Pacific "as a strategic continuum rather than as [an] assemblage of sub-regionally divided goals, partnerships and alignments."[33] This clearly underlines India's discomfort with military alliances. The Quad continues to be seen as mechanism involving the US' friends and allies aiming to redress China's militarisation and assertive claims in the South China Sea and its expanding strategic outposts across the Indian Ocean littoral and not so much on pan-regional inclusiveness.[34] For India, to foster its presence as the "net security provider" in the Indian Ocean calls for making the Quad as the locomotive of its own genre of the regional security architecture.

Sub-regional Initiatives

Closer home as well, India has promoted "open regionalism" with connections to the managing security in the IOR. For example, India had played a key role in initiating the Mekong-Ganga Cooperation (MGC) initiative. Starting from their initial deliberations at July 2000 meeting of the ASEAN in Bangkok leading to their Vientiane Declaration in November 2000, this was aimed at connecting Mekong and Gangetic civilisational societies. In this framework again, themes like tourism, culture and education were given precedence, while transport, communications and infrastructure were identified for the next phase. Thrust was to promote the economic development of Mekong region and India's attention to it was partly triggered by the fact that in April 2000, China had signed the Mekong subregional agreement of cooperation with Laos, Myanmar and Thailand.

Likewise, with the South Asian Association of Regional Cooperation (SAARC) summits becoming dysfunctional since November 2016, India has revived BIMSTEC with its Secretariat that was set up in Dhaka, Bangladesh only in 2014. This shift in India's regional cooperation in its immediate neighbourhood had started with the October 2016 summit of BRICS in Goa, India, where leaders outreach involved not SAARC but BIMSTEC leaders. Since then, Nepal has hosted the Fourth BIMSTEC Summit in July 2018 which was followed by India hosting in Pune the first-ever BIMSTEC military exercises. Again, understanding of regional security in BIMSTEC remains broad-based including issues of development, equity and justice that involve multiple non-governmental stakeholders underlying the "network approach" to managing regional security. Given its maritime character, BIMSTEC has also witnessed an increasing focus on maritime connectivity and maritime partnerships. But more than multilateral and bilateral initiatives, recent years have also seen India taking several unilateral initiatives inviting partnerships in managing regional maritime security challenges.

India's unilateral initiatives

Then at the national level, India has taken initiatives that, in addition to addressing its own national security threats, also aim to manage

security challenges in the IOR. In his March 2015 visit to the Maldives, Prime Minister Narendra Modi had enunciated his vision of SAGAR. Security is no doubt fundamental to SAGAR acronym, but it is sought to be ensured through "growth" and with focus broadly on promoting an economic revival, connectivity, culture and identity. According to former Foreign Minister Sushma Swaraj, this vision seeks to preserve the "organic unity" of the IOR by building cooperation towards "enhancing capacities to safeguard land and maritime territories & interests; deepening economic and security cooperation in the littoral; promoting collective action to deal with natural disasters and maritime threats like piracy, terrorism and emergent non-state actors; working towards sustainable regional development through enhanced collaboration; and, engaging with countries beyond our shores with the aim of building greater trust and promoting respect for maritime rules, norms and peaceful resolution of disputes."[35] The military is again not seen as the primary tool for redressing regional security challenges and states are to play only as facilitators and not as prime movers of regional initiatives.

Closely connected to SAGAR is India's *Sagarmala* project of India's Ministry of Shipping. It is a port-led development model that aims to extensively use information technology-enabled services for modernisation of ports as a locomotive for overall coastal development especially for addressing exigencies like efficient evacuations. The idea had germinated following the 2004 Tsunami that had devastated coastal parts of southern India and coastal regions of several IOR states including Sri Lanka and Indonesia. India treats this as a high priority project and annual allocations for *Sagarmala* were raised from Rs 406 crore in 2016-17 to Rs 600 crore in 2017-18.[36] This has since generated regional interests and Sri Lankan Prime Minister Ranil Wickramasinghe had in 2017 showed interest in exploring the opportunity to participate in this project as well.

Meanwhile, the Indian Navy has also articulated the Maritime Security Strategy that outlines India's priorities for the IOR. It states that in the IOR, India remains committed to:

Ensuring a safe, secure and stable IOR;

Deepening security cooperation, through increased surveillance and monitoring with regional partners;

Forging a multilateral cooperative maritime security initiative in the Indian Ocean to combat terrorism and piracy;

Deepening cultural linkages with the people in the region; and

Building the IOR as a frontier of sustainable economic development.[37]

In pursuit of these goals, the Indian Navy had inaugurated its Information Fusion Centre for IOR in December 2018. This again is a collaborative construct to work with partner nations and international agencies for setting up a chain of similar centres across the littoral to enhance maritime safety and security across the IOR.[38] Likewise, Informational Management Analysis Centre was also set up in 2018 to contribute to maritime safety and security by being a repository of knowledge through maritime information sharing between partner nations. White shipping involves only merchant ships and information is to be shared through the Automatic Identification System (AIS) with equipment fitted on to more than 300 Gross Registered Tonnage ships mandated by the International Maritime Organisation. The AIS information will include Maritime Mobile Service Identity number, position, course, speed, last port visited, destination etc, and this information can be picked up through various AIS sensors installed on the coast as also by satellite-based V/UHF receivers. Most countries that have already signed the White Shipping Information Exchange Agreements with India; and the Information Fusion Centre partners and the Indian Navy are mandated to conclude such agreements with all 26 nations. The partner nations of the Information Fusion Centres have the option of stationing liaison officers that calls for major infrastructure building.[39] Such a system is expected to generate shared understanding on regional challenges and threats as also facilitate collaborations to redress them.

Conclusion

The IOR accounts for over 75 per cent of world's maritime trade, 66 per cent of world's oil, 33 per cent of bulk cargo and 50 per cent of

container shipments with over 100,000 ships annually criss-crossing its sea lanes. This makes the IOR vital for the economic prosperity of its littoral nations and even beyond, their hinterland regions as also other major power stakeholders in the IOR. But, as the superpower rivalries have gradually receded to the margins, various new players and especially the non-traditional security threats – like piracy, maritime terrorism, human and contraband trafficking, illegal and unregulated fishing, weapons proliferation, poaching and pollution destroying its fragile environment – have re-calibrated the new complex of regional insecurity in the IOR. In addition, recent years have also witnessed weighted competition from explorations into the blue- and digital economy with a gold rush for seabed and underwater resources which have re-ignited demands and debates on freedom of navigation and safety of sea lines. These new genres of security challenges in the IOR have eroded the value of conventional military alliances and military bases of the yore. Recent past has witnessed a revival of network approach which has shown impressive results in tackling piracy in the Gulf of Aden. India being civilisationally and historically at home with networks approach to managing regional security should bring it greater traction to play a leading role in providing energy and direction in these shifting trends in managing security in the IOR.

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25. India and the Terrorism-Military Nexus in South Asia

Manoj Joshi

In South Asia, to talk of terrorism-military nexus is to describe really the relationship of the Pakistan Army and its jihadi proxies.

From the outset, the Pakistan Army has played a unique role in its country. It has shaped itself as the defender of Pakistan's ideology and the custodian of Pakistan's national interest. This process has been aided by external allies like the US which decided to give Pakistan military aid in the 1950s, as Pakistan's own politicians who vacated political space to the generals. In turn, the Pakistan Army, especially under President Zia-ul-Haq sought to use Islam to buttress his own and the Army's position.

Pakistani grand strategy against India has always been to establish "effective" parity with India. We say "effective" because India is nearly four times its size, a population more than six times greater, and a GDP which is nine times larger.

To this end, Pakistan has used four approaches – first, it has spent a larger proportion of its national resources in defence. The figures were starkest in the 1960s when Pakistan's economy was doing better than that of India. But this was the period in which, encouraged by the US alliance, it decided to step up its military posture to directly confront India, notwithstanding the asymmetry of size and resources.

It was spending an average of 6.5 per cent of its GDP on defence in the period 1961-1971.

This represented more than half its total government expenditures. Again, in the 1980s, the expenditure as a proportion

of GDP was above 7 per cent, though it had come down as a proportion of the central government expenditure to about 35 per cent. This did not include the military grants and aid the country was receiving being a so-called "front line state" against the Soviet Union from the US and Saudi Arabia. In the 1960s, despite wars with China and Pakistan, India's expenditures as a proportion of GDP did not exceed 3.3 per cent and they did not go beyond 22 per cent of the central government expenditure.[1]

Second, Islamabad has cultivated foreign alliances. The US went into its alliance with Pakistan without being clear what it was about. It was vaguely linked to their Middle East plans formulated by Secretary of State John Foster Dulles that the Pakistani Army backed by the US could serve as a bulwark against the Soviets. This was, as Kux has pointed out, merely a rehash of the old British Imperial ideas.[2]

However, this merely encouraged Pakistani adventurism. The US military aid enabled the Pakistan Army to develop a profile that led them to challenge India in the 1965 War. The US aid enabled Pakistan to field the first supersonic jets, modern tanks, self-propelled artillery and armoured personnel carriers in South Asia. As the Western Army Commander, Lt General Harbakhsh Singh pointed out, Pakistan had superiority in heavy and medium guns and almost double the number of Main Battle Tanks that India had.[3]

The alliance with China was no less consequential and based on a commonality of interests – the need to contain India in South Asia. The Chinese connection helped Pakistan to terminate the war with India in 1965 after it started going badly for Pakistan. Beijing helped Islamabad to rebuild its forces in the wake of the 1971 war disaster, and in the 1980s, it directly helped Pakistan to become a nuclear weapons power.[4]

Nuclear weapons were the third means through which Pakistan sought to offset Indian power. The popular belief is that the Pakistani programme reacted to that of India, but there is enough evidence to show that it had autonomous indigenous drivers.

Fourth, Pakistan has used and continues to use the instrumentality of covert war and terrorism to destabilise India. While this has usually

been related to the use of jihadi violence against India, there is an older history of Pakistani support for Indian separatist movements in the North-east through erstwhile East Pakistan. Subsequently, in the early 1980s, it backed the Khalistan movement and provided funds, training and sanctuary for the terrorists.[5]

But the fateful change came when the US and Saudi Arabia began to finance an anti-Soviet jihad from Pakistani soil. The Pakistan Army and its Inter-Services Intelligence (ISI) Directorate took charge of the operations and raised an army of jihadis to fight the Soviets. Emotive religious terminology like "jihad" and "martyrdom" was encouraged by a generation of Islamist scholars which radicalised a vast swathe of the population.

The US-Saudi jihad had a transformational impact on ISI. It gained considerable experience in organising and using jihadi warriors to fight the war against the Soviet Union in Afghanistan.[6] The Mujahideen overload had consequences for Pakistan itself in the form of sectarian jihadists who attacked Shias and Ahmedis. It had costs for other countries as well, such as the US which came under attack on 9/11 and through Pakistan's constant intervention in the affairs of Afghanistan. Inevitably, given Pakistan's long-term obsession with Jammu & Kashmir (J&K), it also led to the organising and training of Kashmiri separatist fighters.

It is this last instrumentality that is of interest in this presentation. As can be seen, all four strategies relate to the military. It is not surprising that they are, indeed, driven by the military which has assumed the lead role in the Pakistani state when it comes to dealing with neighbours like India and Afghanistan.

Overview

The Pakistan Army has been a power unto itself in Pakistan. It has established itself as the guardian of the Pakistan identity and shaped a revisionist agenda that seeks to not only expand the boundaries of the state of Pakistan but also to establish itself as the pre-eminent Islamist state. The primary focus of its activities has been India, though not the only one. It has staked out its goals in Afghanistan and supports terrorism in Baluchistan-Sistan province of Iran, as well.

Pakistan has thrice sought to seize Kashmir, a state of the Republic of India, over which it has no legal claim. These led to war with India between 1947-48, August-September 1965 and in May-July 1999. The 1971 India-Pakistan war following the uprising in Bangladesh was the only one not directly initiated by Pakistan. Since 1990, Pakistan has pursued a covert war in J&K by first organising and training domestic militants, and later sending its own proxies.

Pakistan's approaches to India are not merely driven by any defensive or even revisionist agenda. They are constantly reinforced by the quest for "effective parity" or the need to show that India is somehow in the same league as Pakistan in terms of size and potential. Effective parity, therefore, has involved attacks on India's integrity and economic well-being. The first has been approached through supporting separatist movements with the crude aim of reducing the geographic size of the country, the second with the goal of slowing its economic ascendance.

East Pakistan

The North-eastern part of India is one of the most ethnically diverse and remote parts of the country which is linked to the mainland by the narrow Siliguri Corridor, 130 km long and 20-40 km wide, which is hemmed in by Bangladesh (erstwhile East Pakistan), Nepal and Bhutan.

Ethnic aspirations, underdevelopment, remoteness from the mainland, encouraged the rise of several separatist insurgencies in the area. Among the first was an insurgency from the Naga people in the 1950s. One of the first actions was to provide sanctuary and arms to the Naga militants fighting against India. As many as eleven groups of Naga militants crossed over into East Pakistan between 1962-68 and were equipped with rifles, Sten guns, light and medium machine guns, mortars, rocket launchers, high explosives and money. The monetary and military support gave an enormous boost to the capabilities of the Naga fighters. [7]

In 1963, the first Mizo militants slipped into East Pakistan. They had contacted the Pakistani Consulate maintained in Shillong at the time (it was a base for ISI operations and shut only in 1965).

Subsequently, groups of MNF – Mizo National Front – guerrillas went to East Pakistan where they were armed and trained by the Pakistani military. Their uprising was enormously successful and the Indian Air Force (IAF) had to conduct airstrikes to relieve the Assam Rifles garrison in Aizawl.[8]

ISI had supported the Meitei separatists in the days of East Pakistan. In fact, the collapse of East Pakistan was a disaster for them as they not only lost their bases, but their cadre was arrested as they sought to return to Manipur.

Bangladesh

Following the fall of East Pakistan, many camps and supporting structures of ISI were broken up and eliminated. But subsequently, they were able to re-establish themselves with the help of Bangladeshi regimes favourable to Pakistan.

At various times, the United Liberation Front of Assam (ULFA), the National Liberation Front of Tripura (NLFT), the People's Liberation Army (Manipur) benefited from ISI sanctuaries and safehouses organised by ISI in Bangladesh under arrangement with the Bangladeshi Directorate General of Forces Intelligence (DGFI).[9]

By the early 1990s, ULFA had established some 14 camps in Bangladesh and in addition, the National Socialist Council of Nagaland (NSCN) also set up its camps in the border areas of Bangladesh with the support of ISI which was channelled through the Pakistan Embassy in Dhaka. In the 1990s, there were several instances where, with the help of the Pakistan High Commission, groups of North-eastern militants, mainly ULFA cadre, and a sprinkling of others were enabled to travel to Pakistan for training.

In a report to the Assam State Assembly in April 2000, Chief Minister Prafulla Kumar Mahanta said that ISI promoted indiscriminate violence in the state by supporting militant groups of various stripe. Their aim was to sow ethnic and religious discord by encouraging Islamist militancy. They supplied explosives and arms to the various groups to target oil pipelines, railway lines and roads.[10]

The ISI connection played a critical role in developing a channel to smuggle arms to the groups through Myanmar and Bangladesh. This became apparent when in April 2004, a huge consignment of arms worth anywhere between $4-7 million was seized in Chittagong. Most of the arms were of Chinese origin, though other weapons from the arms black market in Southeast Asia were also in the lot. There is a great deal of evidence to show that ISI was very much in the picture.

The ISI has also used Bangladesh for infiltrating and exfiltrating elements involved in terrorist actions in India. They have used Bangladeshi terrorist groups like the Harkat-ul-Jihad-Islami for the purpose.

Punjab

ISI closely tracked the growth of a movement for the creation of an independent Sikh homeland – Khalistan – especially in overseas Sikh communities in Canada and the UK. In the early 1980s, the movement gained support within the Punjab state, when the electoral competition between the Congress Party and the Shiromani Akali Dal enabled the rise of extremist leaders like Jarnail Singh Bhindranwale. From the early 1980s, ISI became active in promoting separatism in Punjab. A new cell began funnelling weapons and ammunition to the supporters of the Khalistani movement. Training camps were set up in Karachi and Lahore, while the border Field Intelligence Units handled the operations. Groups like the Khalistan Commando Force (KCF), the Bhindranwale Tiger Force, the Khalistan Liberation Force (KLF) and the Babbar Khalsa were aided. A measure of the support the Khalistan movement received was apparent in the resistance that was put up by the supporters of Bhindranwale during Operation Bluestar.

Initially, the Khalistani terrorists purchased their weapons from Darra Adam Khel, an arms market that made knock offs of pistols and rifles. ISI was content to provide the terrorist sanctuary and escort them to the border for infiltration. Subsequently, sensing greater opportunity after Operation Bluestar, ISI got directly into the act and began to push in AK-47 rifles and explosives into Punjab.

The steady enhancement of the firepower of the Khalistani terrorists is evident from the seizure of AK series rifles which had

Table 25.1: Index of terrorist activity: deaths and arms recoveries 1986-1993

	1986	1987	1988	1989	1990	1991	1992	1993
AK series rifles	-	73	398	295	646	475	479	131
Handguns	584	1097	809	635	556	789	542	79
RPG-7	-	-	20	28	33	23	45	11
LMG/ GPMG	-	3	9	17	50	33	26	2
Explosives (kg)	-	-	-	-	390	202	1604	197
Persons killed (SF)	562 (42)	1005 (95)	2050 (110)	1320 (152)	2849 (506)	3161 (495)	1520 (251)	231 (14)
Terrorists killed	78	328	373	699	720	1494	2109	258

Source: Manoj Joshi, "Combating Terrorism in Punjab: Indian Democracy in Crisis," *Conflict Studies,* 261, May 1993.

begun to extract a higher toll of security personnel who were often armed with single-shot rifles or semi-automatic SLRs. Subsequently, RPG-7 rocket-propelled grenades and light machine guns were also introduced into the mix.

As the Punjab and Kashmir issue bubbled up, ISI began to work along with the idea of linking the two movements together in the early 1990s. This K-2 effort also involved the promotion of terrorism across the country. The goal was to also stir up the Indian Muslim community which had faced a great deal of violence relating to the agitation surrounding the Babri Masjid and its destruction. Two of the key men in this were Lal Singh aka Manjit Singh and Talwinder Singh Parmar, a founder of the Babbar Khalsa International (BKI). Both were wanted for questioning for the bomb blast that has destroyed an Air India aircraft Kanishka in 1985. ISI facilitated their shift to Pakistan where the former was trained to disguise himself as a Muslim and undertake sabotage missions in India.

Indian authorities managed to neutralise both. Lal Singh was jailed after a trial, while Parmar was killed in an alleged encounter in Punjab, along with a Pakistani national and a Kashmiri militant. There is a suspicion that Parmar, the Pakistani Intekhab Ahmed Zia and the Kashmiri Habibullah were detained in Nepal by Indian intelligence operatives in early 1992, interrogated and executed in a fake encounter in October. The succession of killings of top Khalistani terrorists Gurjant Singh Buddhisinghwala and Sukhbir Singh Desuwal may have resulted from the information gleaned from Parmar and Zia.[11]

Twenty-five years down the line, ISI has not quite given up on Khalistani terrorism. Outfits like the International Sikh Youth Federation (ISYF), Khalistan Zindabad Force (KZF), BKI, and KLF continue to function from Pakistan.

In the wake of the Mumbai attack in 2008, India sent Pakistan a dossier of people it wanted Islamabad to extradite. In addition to several persons who acted as handlers for the attack and several Lashkar-e-Tayyeba (LeT) leaders, New Delhi also sought the extradition of a number of Khalistani leaders residing in Pakistan. These included Lakhbir Singh Rode of ISYF, Wadhawa Singh Babbar of BKI, Ranjit Singh Neeta of KZF, Paramjit Singh Panjawar of KCF, and Gajinder Singh of Dal Khalsa.

The ISI efforts to re-ignite terrorist separatism in Punjab have continued. According to a report in *Hindustan Times*, in the 2017-2018 period, the Punjab police busted 17 terror modules, arrested 97 persons and recovered 77 weapons, explosives and hand grenades. Their activity is coordinated with those of Sikh separatists who reside overseas and are currently grouped under the banner of Sikhs for Justice (SFJ) which is calling for Referendum 2020 for an independent Sikh state. SFJ, according to the report citing Punjab Police officials, is a creation of ISI.[12]

Jammu & Kashmir

The Pakistani plan to "liberate" J&K worked along multiple paths, in some measures due to the worry that British officers who still occupied the higher echelons of the military command would not approve. On

one hand, ruling Muslim League politicians like Mian Ifthikaruddin and Khurshid Anwar would organise irregulars like former INA personnel and tribal Lashkars from the North-West Frontier Province. On the other hand, Pakistani military officers like Colonel Akbar Khan and the chief of intelligence, Brigadier Sher Khan, would arm rebels in the Poonch area with 4,000 rifles to fight the Kashmir State Army which numbered just 9,000 and was spread out thinly across the state. Both plans were merged and the Pakistan Army provided officers and non-commissioned personnel to guide the rebels and the Lashkars.[13] Praveen Swami has shown how, even after ceasefire, Pakistan resumed the "informal war" against India through terrorist actions.[14]

This technique of using proxy fighters to pose as insurgents was used subsequently in August 1965 when under Operation Gibraltar several columns of Azad Kashmir paramilitaries, led by Pakistani officers, were sent across the ceasefire line with the hope that they would trigger an uprising in J&K. This did not happen and the tough Indian reaction compelled Pakistan to launch an Army offensive, triggering the 1965 War.

Though Zulfikar Ali Bhutto cynically used Islamism to consolidate his rule, the real shift in the attitude towards Islamism, and the use of proxies in the name of jihad came about during the regime of the military dictator Zia-ul-Haq. The outfit that he used was the Jamaat-e-Islami (JeI)-Pakistan, which had been coming close to the Army since the 1960s. The Jamaat became a strong supporter of Zia's martial law regime and in turn, was rewarded with thousands of jobs for its cadres.

The JeI-Azad Kashmir was founded in 1974 with the important platform of planning for the "liberation" of J&K from Indian rule. Following the onset of the anti-Soviet jihad, Pakistani leaders like Zia and his ISI chief Akhtar Abdul Rehman began to think of applying the lessons of Afghanistan to Kashmir. To this end, JeI-Azad Kashmir leader Abdul Bari held a secret meeting with Zia in Karachi in the early 1980s.[15]

Nevertheless, with the experience of 1965, ISI was cautious and wanted Bari to assess the ground situation. The maulana travelled to J&K and met with several Indian politicians, as well as the

founder and head of JeI,-J&K, Maulana Sa'aduddin. Despite many meetings and pressure, JeI-J&K refused to become cannon fodder for the Pakistan Army. Any movement they felt should be led by the Kashmiris, with Pakistan playing merely a support role. Indeed, the agreement between Zia-ul-Haq and Sa'aduddin broke down after the latter turned down the former's call to send Jamaat boys for training in Pakistan.[16]

Thereafter, ISI began to focus on the J&K Liberation Front (JKLF) which had been carrying on a campaign against Indian rule for some time. In 1984, ISI called a meeting of the Azad Kashmir based JKLF leaders – Hashim Qureshi, Z.H. Ansari, Farooq Haidar and Rashid Hasrat. The plan was to encourage JKLF to initiate the uprising and for the Pakistan Army and ISI to support it with training and weapons. Subsequently, their efforts got a boost when, in 1986, Amanullah Khan, the UK-based founder of JKLF was deported from the UK to Pakistan and seized control of the outfit from Qureshi.[17]

Officially, the JKLF uprising was launched in 1988 with a series of low-grade attacks and blasts. ISI was taken aback, but they were already at work to ensure that the fruits of the uprising would not fall on the laps of the pro-independence JKLF. Since it was JKLF which had readily provided the cadre, ISI backed it fully and conducted its own operations in its support such as the assassination of Intelligence Bureau personnel – RNP Singh in Anantnag, Kishen Gopal in Badgam, M L Bhan in Nowgam and T K Razdan in Srinagar.[18]

In the meantime, faced with the reluctance of JIJK, ISI worked hard to push other pro-Pakistan Islamists into the fray. Their first stop was the JeI-Azad Kashmir and the head of the J&K Tehreek Jihad Islami, Muzaffar Ahmed Shah who met with ISI operatives in Muzaffarabad in 1988 but little came of this. However, when Islamists saw crowds by the hundreds of thousands in the streets of Srinagar in January 1990, their hardline faction led by Syed Ali Shah Geelani and Mohammed Yusuf Shah (who subsequently took the nom-de-guerre of Syed Salahuddin), and Ghulam Nabi Nowsheri persuaded their colleagues to jump into the fray. To move forward, the JeI-J&K was linked up with JeI-Pakistan.[19] ISI helped their top

militant cadre, Maqbool Ilahi, Mohammed Ashraf Dar, Mohammed Ahsan Dar to get together a group comprising of Hilal Beg, Javed Ahmad Shalla, Mohammed Abdullah Bangroo and Hilal Ahmed Mir aka Nasir ul Islam.

Beg and Shalla, who were close to ISI set up the J&K Students Liberation Front, while the others were grouped in an outfit called the Hizbul Mujahideen. JKLF was systematically sidelined and its leaders betrayed to Indian authorities.[20] Some like the Mir Waiz Farooq were assassinated directly on the orders of ISI.

In the first decade of the insurgency, Indian intelligence identified as many as five brigadiers and eleven colonels working out of ISI headquarters on the Kashmir project. In addition, nine officers were deputed for training militants and another twenty in launch areas to push in infiltrators. The extent of official Pakistani support to the militancy was evident from the standardisation of the weapons they brought in – Type 56 copies of AK-47s, Type 69 copies of RPG-7s, RPD LMGs, Pika machine guns, Tokarev pistols, Dragunov sniper rifles and so on.[21]

Table 25.2. Index of terrorist activity: deaths and arms recoveries 1989-1995

	1989	1990	1991	1992	1993	1994	1995
AK series rifles	46	1394	2602	3775	2424	2557	2348
Pika machine guns					1	3	9
Rocket launchers	0	141	140	174	95	171	100
General purpose machine guns	0	96	161	168	157	137	79
Sniper rifles	0	0	1	3	13	60	48
Pistols	30	817	946	808	801	980	1100
Mines	0	1101	217	307	766	1280	749
Explosives kg	86	1773	588	436	3275	1508	1689
Wireless sets	0	22	37	68	171	247	301
Terrorists killed	0	552	1016	991	1584	1818	1545

Source: Manoj Joshi, *Lost Rebellion: Kashmir in the Nineties,* Penguin, New Delhi, 1999 and 2019.

By 1992, India had regained its balance in the Valley. JKLF had been more or less destroyed or neutralised, and the battle with the Hizbul Mujahideen was on. Slowly, but steadily, Indian forces gained the upper hand. Pakistan now directly stepped into the Kashmir issue by sending in its own proxies – Afghan militants and then, the Punjabi extremists of the Harkat-ul-Mujahideen, the Harkat Jihad-e-Islami – who briefly merged as the Harkat-ul-Ansar, and Lashkar-e-Tayyeba (LeT) into the Valley. While violence against civilians, especially the Pandits, had been the handiwork of JKLF and other groups, many of the mass-killings of the minority community were the handiwork of the Pakistani groups. Several kidnappings were also attributed to these groups, the most notorious being the kidnapping of six foreigners. Of these, one escaped, one was executed, and the others simply disappeared.

Praveen Swami has shown how the effort was made to link the events in Kashmir with the global high tide of Islamism. One of the products of these was LeT which came up with the support of both Zia-ul-Haq and Osama-bin-Laden's guru Abdullah Azzam. LeT was founded as the armed wing of the Markaz-Dawa-ul-Irshad, an Ahl-e-Hadis outfit whose April 2001 convention was attended by ISI chief Lt Gen Mahmud Ahmad.[22]

Despite all this, India was able to overcome the challenge through multiple instrumentalities – the Army, the paramilitary, a new unit called the Rashtriya Rifles, in addition to the revitalised J&K Police and militias of erstwhile militants. Not only was the militancy hard pressed, but New Delhi had managed to carry out an election to the Lok Sabha and then the State Assembly in 1996. Further, India had shrugged off the international opprobrium of conducting nuclear tests and was drawing close to the US, while Pakistan was systematically ignored.

Terrorist Acts of ISI-maintained Jihadi Groups in Kashmir

In a bid to disrupt these developments and give a new life to the Kashmir militancy, the Pakistani military gambled on direct action once again. One leg of the Pakistani strategy was to send in their

military units from the Northern Areas to occupy areas along the line of control (LoC) near Kargil in 1999. The fiction that these were Mujahideen did not last too long. The Indian reaction was carefully calibrated – part military and part diplomatic – and it succeeded in getting Islamabad into the international doghouse, but only after India lost over 500 soldiers in the fighting.[23]

The other leg was the sharp stepping up of the number of Pakistani militants operating in the Valley and the level of violence. Beginning in 1994, ISI began to use Islamist training camps in territory controlled by its protégé Gulbuddin Hekmatyar to train a new generation of jihadis destined for Kashmir. They were aware that the Kashmir jihad now needed an infusion of external militants since the Kashmiris were simply not up to it.[24] These jihadis, mainly semi-literate Punjabi youth were fanatical fighters and did not hesitate to use terrorist tactics.

In 1998, LeT carried out a massacre of 23 Kashmiri Pandits in Wandhama, near Ganderbal in January 1998. In April that year, 26 Hindus were killed in two villages of Udhampur district. In June, 25 villagers were massacred at a village Chapnari in the Doda district in June. In August another 35 Hindus were killed in the Chamba district of Himachal Pradesh, neighbouring J&K.

Through 1999, the focus of ISI remained in Kargil. But the story of massacres resumed the following year when on the eve of US President Bill Clinton's visit to India in 2000, LeT terrorists killed 35 Sikhs in Chittisinghpura.

Perhaps the manifestation of the manner in which ISI "managed" the insurgency came when the Government of India and the Hizbul Mujahideen tried to strike a peace deal in 2000. Taken aback by the development, ISI unleashed a slew of jihadi terrorists who launched a campaign of murder and massacre, killing 100 non-combatants in five coordinated attacks on August 1-2, 2000. Syed Salahuddin was forced to back off from the deal.[25]

In August 2001, 17 Hindus were again massacred in a village Ladder in Doda District and the culprits were from LeT. October 2001 saw a massive attack when a Jaish-e-Muhammad (JeM) terrorist drove an SUV into the State Assembly in Srinagar and killed

38 people. Later in that year, in the wake of the Nine Eleven, JeM had attacked India's Parliament House on December 13, killing several persons and coming within a shade of carrying out a massacre of Indian parliamentarians.

India mobilised its armed forces and Pakistan was pushed by the US to ban the five Islamist groups including LeT and JeM and not to allow the use of its territory for terrorist activity. Instead, Musharraf played for time and kept the terrorists in leash but only for a while. In May 2002, JeM carried out yet another massacre of some 34 persons, mainly wives and children of military personnel at a cantonment in Kaluchak, near Jammu. This was followed up in July by an attack by the Lashkar at Qasimnagar that led to the killing of 29 Hindu labourers at a slum near Jammu. Twice that year, 2002, the famous Raghunath temple of Jammu came under attack from the squads of LeT leading to the deaths of 24 persons.

The following year saw yet another heinous massacre at Nandimarg village in Pulwama district where 24 Kashmiri Pandits were gunned down in March 2003 by LeT terrorists. The last major massacre took place in 2006 when 35 Hindu civilians in two different villages were killed in April by a group of Lashkar terrorists wearing Army uniforms.

Incidentally, Hindus alone were not the target of the militants. In one instance they killed 15 Muslim villagers of Chalwalkote in Rajouri district because they did not satisfy their demands to provide a woman for sex. This was not the only instance of its kind. In June 2004, 12 Muslim Gujjars were killed by LeT at the village of Teli Katha in the Surankote tehsil of Poonch district. The reason was that they had supported the Army and were members of the Village Defence Committee.

Beginning 1994, the Harkat-ul-Ansar carried out a series of terror attacks in a bid to free Masood Azhar, the Pakistani General Secretary of the outfit who had been arrested in 1993 along with another leader, Sajjad Afghani. As part of this, they first kidnapped two foreigners in Pahalgam but were forced to release them because of public pressure. Then, British-Pakistani national Ahmed Saeed Omar Sheikh, launched another operation, this time by kidnapping

several foreigners in New Delhi. Fortunately, the police got wind of the plot before it matured, and the men were rescued. Then, in May 1995, another group of foreigners – one German, two British, two Americans, and one Norwegian – were taken a hostage in the Pahalgam area. One American managed to escape, the Norwegian was executed sometime later. The others simply vanished and have never been found, with various theories about their end.

Terrorist attacks of groups linked to Pakistan in Other Parts of India

The Pakistanis had, of course, been active in Punjab since the 1980s. But, their first major attack outside the J&K and Punjab region was the Mumbai blasts of March 1993. While this was carried out by the Mumbai underworld, the entire support, logistics and training were provided by ISI.[26]

Till the late 1990s, bomb blasts took place across India, often in railway trains in places like West Bengal, Andhra Pradesh and Gujarat. Most of these were the handiwork of agents directly run by the ISI often through Nepal or Bangladesh.

The ISI also used outfits like the Ikhwan-ul-Muslimeen and the J&K Islamic Front to sow terror in India. Their members were mainly Kashmiri, and the activities were coordinated by ISI agents operating out of Pakistan's embassy in Kathmandu. The Ikhwan was responsible for a series of blasts in the Jammu area and in Delhi in Connaught Place, Sadar Bazar and in the Lajpat Nagar market in 1996.

In December 1999, associates of Masood Azhar launched another terrorist attack to force his release from an Indian prison. They hijacked an Indian Airlines flight from Kathmandu and forced it to go to Kandahar along with 185 passengers and crew. India was compelled to release Azhar, Omar Sheikh and Mushtaq Ahmed Zargar. Azhar now founded a new outfit Jaish-e-Muhammad (JeM) which stepped up attacks on India.

There was an attack on the Red Fort in December 2000, followed by a suicide attack on the J&K Legislative Assembly building. In December 2001, the Parliament House in New Delhi was attacked,

and it was only chance that prevented the massacre of a large number of Indian MPs.

Subsequently, the focus shifted to a series of bomb attacks on Mumbai's transportation system. In 2003, there were four attacks with the August 25th bombing that took the lives of 52 persons being the most serious. In 2006, there was another series of attacks on commuter trains in July 2006 that led to the deaths of 209 persons and injuries to over 700. There were bombings, too, in cities like Delhi, Surat, Varanasi, and Ahmedabad attributed to a shadowy Indian group, the Indian Mujahideen, but whose leadership functioned under the auspices of ISI in Pakistan.

The Mumbai attack of 2008

On November 26, 2008, a ten-man team of LeT landed in Mumbai in a small boat and carried out a terrorist assault on two major hotels, the main railway station and a Jewish centre in the city. 166 people were killed, along with nine of the attackers, one terrorist survived. He was put on trial, convicted and executed. According to the surviving terrorist, Ajmal Kasab, the group was trained by two former Pakistan military personnel in a camp in Azad Kashmir and then Karachi.

India and western intelligence agencies had gathered a wealth of information on the attack, primarily through intercepted communications between the terrorists and their backers. A year later, the US arrested one of the principal conspirators in the case, Daood Gilani aka David Coleman Headley, who detailed the extent of the contact that ISI had with the conspirators who organised the Mumbai attack.

Hein Kiessling, a German political scientist and historian who had lived and worked in Pakistan and forged close contact with its officials, rejected the notion that some secret group within ISI was responsible for the attack. His damning assessment is that "An operation such as the Mumbai attacks which needed expert technical assessment, money and time to prepare, could not have been carried out or kept hidden without the knowledge of the service's leadership. Considering the political explosiveness of the event, the COAS as well would have to have been informed."[27]

Likewise, American writer Steve Coll has described how Headley was recruited, trained and financed by Major Iqbal, a serving ISI officer. He noted that Headley had also identified an ISI colonel and a brigadier who worked on the project from Muzaffarabad. According to Coll, an intelligence study of the attack conducted by the US and its allied intelligence agencies concluded that a "cabal of retired officers working with the Lashkar units and Hafiz Saeed" believed they had the go-ahead from the top to attack India.[28]

Another ISI figure is a person called Sajid Mir, who is said to be a high up in LeT and who played a key role in the Mumbai attack. Indeed, voice intercepts showed that he is the one who directed the Lashkar gunmen and ordered the execution of a Mexican hostage Norma Rabinovich at the Chabad House. In fact, according to French investigators relying on the 2003 testimony, Willie Brigitte, how Mir – an Afro-Caribbean convert to Islam – was probably an officer of the Pakistan Army.[29]

The fact that the Pakistani side has since refused to prosecute even those that it arrested, people like LeT Operations Chief Zaki-ur-Rehman Lakhvi or Zarrar Shah, is a clear indicator of official complicity in the heinous attack. There are others, like Sajid Mir who, have simply disappeared.

Concluding Thoughts

The use the term "ISI" often tends to obscure the fact that this is a unit of the Pakistan Army, which works directly under the Army Chief. Though it has its cadre of professionals, line officers are routinely seconded to it. In that sense, it is an intrinsic unit of the Pakistan Army, not some peripheral unit involved in terrorism.

In her recent book, *Fighting to the End: The Pakistan Army's Way of War*, C Christine Fair has looked at the internal literature of the Pakistani training institutions and described the fascination the idea of proxy and covert war holds for Pakistan Army officers. But, terms like "proxy war" or "sub-conventional conflict" often underplay the fact that its practitioners are often undertaking nothing but pure terrorism – seeking out and attacking civilian targets in pursuit of their political agenda. Her analysis links Pakistan's doctrine of

low-intensity conflict and proxy warfare to the development of its nuclear arsenal.[30]

Fair notes in the conclusion, it is "unlikely that Islamabad will have the ability – much less political will – to degrade these groups in any significant way." This is because it sees "its militant proxies … [as] … crucial allies in any future war against India. Further, it views groups like LeT as being the invaluable means of checking Deobandi groups who have in the recent period have sometimes taken up arms against the Pakistani state. Indeed, her pessimistic conclusion is that there "are few prospects for substantive change in Pakistan's strategic culture."[31]

So, the use of proxies who often undertake terrorist attacks is intrinsic to the way of warfare of the Pakistan Army. Whether or not it can change is something that is still not clear. But the obvious lesson for India is the need to develop sufficient deterrent capacity to prevent repeated strikes by these proxies.

In this study, we have focused on the activities of Pakistan which cross the boundaries of inter-state relations by supporting the armed insurgency, militancy and even terrorism against another state. India has sought to deal with this through a strategy of engagement with Islamabad. However, the record shows that at any point of time that this engagement improves ties, terrorist strikes, attributed to the deep state aka the Pakistan Army, derail the momentum.

The nuclear factor has been used by Pakistan to block Indian reaction to its use of jihadi proxies. India's reaction to Kargil was to accept heavy casualties but confine its response to the geographical area of the incursion. Its response to the Parliament House attack – a general mobilisation – did not provide it viable options. After a short break, Pakistani attacks continued. New Delhi found itself unable to even threaten a military reaction following the terrible Mumbai attack of 2008.

The Modi government that assumed power in 2014, has followed an irregular track. There was no military reaction to the Pathankot attack, but the one in Uri led to a coordinated cross-border strike on September 29, 2016. But then again, subsequent JeM attacks on Nagrota, Pulwama, Sunjuwan did not see any reaction. However,

the JeM attack on a CRPF bus in February 2019 led to an Indian aerial strike on a JeM facility in Balakot. There were two significant changes – first, the target was not in Pakistan-occupied-Kashmir, but Pakistan itself. Second, the Indian response was quick and delivered through the medium of airpower, something that it had not used earlier.

In the coming period, we will see whether the Balakot strike is able to deter the Pakistani deep state from the use of militant proxies in the future. Or, take it down some other path in what it believes is an existential confrontation with India.

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Part V
Differences and Disputes in Asia

26. The Future of India-Pakistan Ties

Ashok Behuria

Introduction: The Bilateral Context Today

The India-Pakistan bilateral context had changed dramatically following India's "non-military" counter-terror "pre-emptive" airstrikes on the terror camp in Balakot in Pakistan on February 26, 2019. From the Pakistani perspective, the context changed massively again on August 5, 2019, after the government in India took a decision to abrogate Articles 370 and 35A of the Indian Constitution, thereby, changing the special status of the state of Jammu and Kashmir within the Indian Union. The government's decision was brought in through a Presidential order and legislation to this effect was passed by an overwhelming majority in the parliament three days later. In the subsequent days, while India rightly argued that it was an internal decision, Pakistan termed it as a unilateral decision and activated its diplomatic machinery to raise the issue at the international level. The net impact of these developments on India-Pakistan bilateral relations has been predictably negative. The prospects of revival of dialogue between the two countries, that has been in a state of suspended animation for the last twelve years (2007-2019) look quite grim now. It is useful to take stock of the developments in the twelve-year interregnum and analyse the prospects of India-Pakistan engagement in future.

From Balakot to Abrogation of Art 370

The Balakot operation on February 26, 2019 – that transformed the nature of India-Pakistan interaction at the strategic level – was India's response to the Pulwama suicide attack on February 14, 2019, claimed by Pakistan-based terror outfit, Jaish-e-Muhammad,

that killed 40 Indian CRPF (Central Reserve Police Force) security personnel. Pakistan's retaliation, a day later, in the form of air-strikes targeting non-populated areas raised the temperature to the fever pitch with the downing of an Indian aircraft and its pilot trying to counter Pakistani attack. There were threats from Pakistan that unless good sense prevailed on the Indian side, any further escalation could lead to nuclear confrontation.

There was a de-escalation soon afterwards. Pakistan returned the Indian pilot it had taken under arrest to a hero's welcome at the Wagah-Attari border on March 1. It was interesting to see that despite the majority of the media houses on both sides cooking up jingoist-nationalist hysteria, the situation cooled off rather more quickly than anybody expected. The two governments stuck to their separate versions of the aerial engagement and appreciated the way their armed forces demonstrated their capability, will and resolve to safeguard their frontiers.

Interestingly, the lowering of the temperature between the two countries was predicted by the US President from Hanoi, which clearly indicated the unseen hands of the US behind the scene trying to keep the engagement within the threshold. Later, it was reiterated by the US officials that during the crisis, the US Centcom Chief met the Pakistani army chief and the National Security Advisor (NSA) of the US spoke to his Indian counterpart, which played a role in stopping the crisis from blowing over, especially when there were nuclear threats reportedly being exchanged by the two nuclear-armed neighbours. Not to mention, the pacifying role claimed by Saudi Arabia, the United Arab Emirates (UAE) and China, who played their "constructive" role in easing the tense situation. This incident was a sad reminder of the fact that the relationship was terribly accident-prone and driven by spoilers who would not want the stalled dialogue process to restart.

A few months later, after general elections in India in April-May 2019, the incumbent government led by the Bharatiya Janata Party (BJP) won a clear verdict and on August 5, 2019, took a decision, as per its poll promises, to abrogate Articles 370 and 35A of the Constitution, which were temporary provisions granting a special status to the state of Jammu and Kashmir. The decision of the

government presented as a resolution in the parliament was soon passed with an impressive majority (351/72 in the lower house and 125/61 in the upper house). The reactions from Pakistan to this internal development in India were quite acerbic and belligerent. In a special session of both houses of the parliament, Pakistan Prime Minister Imran Khan called this move unconstitutional and even suggested that through such steps India was trying to find an excuse for fighting a war with Pakistan. The Corps Commanders' Conference presided by General Qamar Javed Bajwa, Pakistan Chief of Army Staff (COAS) held at General Head Quarters (GHQ) on single-point agenda of situation regarding Kashmir, endorsed the government's position, and the press release from the army cited General Bajwa as having said that his army would "firmly" stand by the Kashmiris and was prepared to go "to any extent to fulfil our obligations in this regard". The Indian High Commissioner was asked to leave on August 8, 2019, setting off a downward spiral of bilateral disengagement indicating the extremely delicate state of bilateral relations between the two countries.

At another level, however, through these incidents, the two countries decided not to derail the talks on Kartarpur Corridor. The talks went on as scheduled, on March 14, July 17, 2019, and September 4, 2019, on the modalities of operationalisation of the corridor. The government agencies that took part in the talks consisted of representatives from the Home Ministry, External Affairs Ministry, Defence Ministry and Government of Punjab and the National Highway Authority of India, the Ministry of Road Transport and Highways. Interestingly, on September 4, they agreed to visa-free travel of Indian pilgrims, without any restrictions based on their faith. This indicated the precipitate will on both sides to engage with each other.

The Relationship

Against this backdrop, it is useful here to contextualise the India-Pakistan relationship by tracing its history and identifying the variables and patterns that define and explain the relationship. It is also useful to summarise the trajectory of India-Pakistan relations

in future and what may possibly be done to bring about lasting reconciliation between the two countries in future.

India-Pakistan relationship is often characterised as a pessimist's paradise, by seasoned onlookers who have watched the swings in Indo-Pak relations ever since the two countries came into being in 1947. It has also been termed as a relationship of enduring rivalry, and ceaseless hostility by others. If one were to study the unofficial interactions amongst Indians and Pakistanis, however, notwithstanding their divergent worldviews and mutually exclusive positions on many issues, there is an unmistakable desire amongst the people of both the countries to connect and communicate with one another.

This relationship is, therefore, quite complex and even complicated, with inerasable historical, cultural, linguistic linkages that draw these two countries towards each other on the one hand, and inexplicable sense of competition and hostility based on mutual distrust, misperceptions of history, and irreconcilable ideological orientations that propel their separate state-nation-building exercises, on the other. If one were to follow the pattern of official interactions over time, one would notice that years of conflict have been followed by years of intense infructuous dialogue, while at the unofficial level there is a lasting desire to engage and keep the doors of communications open. This recurrent pattern of love-hate relationship has also been characterised as sibling rivalry, between two states connected by history and geography yet separated by politics and ideology.

Determinants

Historical Legacy and Pakistan's Insecurity Complex

Pakistan's perception of India is based on the "two-nation theory" and on the belief of the Muslim elite of India before partition that in a democratic India Muslims would be dominated by the Hindus, who would inevitably in a majority. Even after the formation of Pakistan, comprising of Muslim majority areas, this precipitate fear of India perpetuated itself. India was perceived in communal terms even if it professed itself to be a secular state. There is a continuing

paranoia among the power-elite in Pakistan that India would never accept Pakistan as a sovereign state and try to annex it at all cost. This fear has intensified after it lost its east wing (East Pakistan, which became Bangladesh in December 1971) and multiple internal threats Pakistan has faced since its formation, primarily because of its inability to develop an inclusive identity. Too much emphasis on Islam has backfired and various sects and denominations within it have fought with each other for supremacy. The Pakistani state is extremely sensitive to ethnic assertion because it had led to its vivisection in 1971 and continues to pose a challenge to its unity. Therefore, the elite of Pakistan has sought to generate and perpetuate anti-India sentiments, which have acted as a unifier and formed the basis of the Pakistani nation.[1]

To be What India is Not, Emphasis on Islam

The Pakistani state has always sought to define its national identity in exclusive terms unlike the case in India, where diversity has been respected and nurtured. For the elite ruling Pakistan since its formation, Pakistan must be, what India is not. Its antipathy towards India has emanated from such definition of itself in opposition to India, which breeds distrust and hatred. Its official policies towards India are, therefore, devised to deter India from overwhelming it militarily. Its pursuit and ultimate acquisition of nuclear capability, with the infamous call by one of its democratic leaders to 'eat-grass-but-make-bomb', demonstrate such resolve to defend itself from possible Indian attack at one level, while its offensive strategy of employing non-state actors to engage India perpetually through asymmetric means is designed to weaken India, at another. Even after Balakot, Pakistan is unlikely to change its strategy. It may, at best, recalibrate it to ensure that such asymmetric challenges do not become provocative enough to warrant Balakot-like military reaction.

Pakistan's basic approach to India is rooted in a communal perception of history. Over the years, the official identity of Pakistan has been constructed very carefully through a selective portrayal of events and the role of individuals in history in direct opposition to India's secular, democratic and plural identity. Pakistan is often

projected by its historian as a legatee of the Muslim empires in India in the medieval period. This is meant to induce a sense of superiority among the Muslims of Pakistan. One time media advisor to Ayub Khan, Altaf Gauhar, wrote after the Kargil War in September 1999 (in the newspaper *The Nation*, September 5, 199) that Pakistanis are made to believe that "Indians are too cowardly and ill-organised to offer any effective military response which could pose threat to Pakistan" and such mindset has led them to wage four wars against India, only to lose each one of them because of such bad assumptions. However, this has not stopped Pakistan from continuing to draw upon the Islamic ethos and build its army as an army of believers. Its motto – Iman, Takwa and Jihad-fi-sabilillah – reflects such ethos.

Communal Perception

As has been argued above, Pakistan has always viewed India through a communal prism and misinterpreted India's natural preponderance in the region as 'Hindu predominance' which is a threat to its existence as an Islamic state. Pakistan has considered Indian emphasis on pluralism and democracy as shallow and phoney. It has also viewed India's stand on Jammu and Kashmir on communal lines.

Pakistan has approached the issue of trade and commerce and cultural exchanges with India from a similar perspective. Indian proposal to promote interaction in these areas are often derided in Pakistani media, especially the vernacular ones influenced by the establishment in Pakistan, as clever moves by the Hindu *baniya* (the merchant caste) to harm and overpower Pakistani economy and create an ensuring sense of dependence.

Strategy to Counter India: Quest for Parity

The failure of the Pakistani military in all the wars it has fought with India in 1947, 1965, 1971 and 1999 has given rise to a chronic sense of insecurity vis-à-vis India. India's critical role in the dismemberment of Pakistan in 1971 is often emphasised in the 'Green Books' to provoke a sense of revanche among its fighting forces.

Its entire military strategy is designed to checkmate India and save Pakistan from possible Indian attack. Given India's overwhelming conventional superiority and quality performance in the past wars, Pakistan has tried to seek parity with India through either alliances with extra-regional powers, acquisition of nuclear and strategic weapons, use of terror as an instrument of its India policy and by vilifying India through hostile propaganda at the international level. Among all South Asian countries, Pakistan stands out as the only country which has refused to accept India's preponderance in the region. It regards India as a hegemonic state always trying to force all its smaller neighbours to serve its interests.

Use of Non-State Actors

Even after acquiring nuclear weapons, the sense of insecurity in Pakistan vis-à-vis India has not abated. This is despite the assurances given by various Indian leaders that India regards Pakistan as a sovereign state and has no intention of invading it unless provoked.

In order to weaken India and keep it engaged at the internal level, Pakistan has raised a bevy of terror outfits as virtual extensions of its army to pose asymmetric challenges for India and 'bleed India through thousand cuts'. It is well-known that terror outfits like Jaish-e-Muhammad (JeM), Lashkar-e-Taiba (LeT), Harkat-ul-Mujahideen (HuM), Hizb-ul-Mujahideen (HM) are being nurtured by the military of Pakistan for a long time. In the past, the spokesperson of the LeT had claimed that Pakistan did not need any nuclear bomb, because it was unusable and LeT was the only effective and usable "nuclear bomb" at its disposal.

That various institutions of the Pakistani state, including the military and judiciary, apart from political parties and media, have defended these outfits, even in the face of incontrovertible proof of their involvement in terror incidents in India, starting from serial attacks, and heinous attacks in Mumbai, Pathankot airbase, Uri and Pulwama (most of these attacks have been claimed by these outfits as well!), clearly demonstrates the tolerance and advocacy of such strategy to keep using non-state actors vis-à-vis India.

Obsession with Kashmir and UN Resolutions!

Pakistan's antipathy towards India is most conspicuous in its approach towards Kashmir. Kashmir is considered as *terra irredenta* (unredeemed territory), and an unfinished agenda of partition. Pakistan has relentlessly projected Kashmir as its core dispute with India. As a Muslim majority area, Pakistan always believed that it had a rightful claim over it, despite the fact that at the time of Lashkar attack orchestrated by its leaders in 1948, Kashmiris, under the leadership of a secular party, National Conference, had stood against Pakistani intruders.

It is also forgotten in Pakistan that fearing Kashmiris might spurn its offer, Pakistan was tentative about its acceptance of the UN resolutions (UNSC Resolution No 47 of April 21, 1948, and UNCIP resolution of August 13, 1948) that clearly entailed removal of all its troops from the occupied territory before plebiscite could be held. Pakistan's refusal to withdraw its troops killed the UN resolutions for a plebiscite. Even Muhammad Ali Jinnah, then supreme leader of Pakistan had turned down a similar offer made by Mountbatten during their meeting soon after the lashkar invasion and Maharaja's accession to India. Ironically, despite all this, Pakistan has been parroting the line that the Kashmir issue can only be resolved through the implementation of UN resolutions. It is quite another thing that Pakistan has taken full advantage of phases of political turmoil in Kashmir to sponsor militancy during the mid-1960s, the 1990s and even today.

Pakistan has held its dialogue with India hostage to talks on Kashmir for a long time. It has always insisted that Kashmir is the core issue between the two countries and any talks aimed at ending hostility between the two must only be over the core issue of Kashmir and its resolution through UN resolutions. While the civilian leadership has shown some pragmatism and agreed to discuss other issues along with Kashmir, the military of Pakistan has stressed that talks should only focus on Kashmir. For example, the military launched the Kargil war against India in May-June 1999, to derail Nawaz Sharif's attempt to initiate dialogue in February 1999, only because the military perceived that the talks were structured in

a manner that sacrificed Pakistan's principled position on Kashmir.

For a brief period, during 2004-2007, the military establishment of Pakistan agreed to adopt the modalities of a "composite dialogue"[2] to discuss all outstanding issues including Kashmir, which Nawaz has earlier agreed to. This was five years after Musharraf, the military dictator, assumed power. However, as soon as Musharraf, went out of office, the establishment, also known as the deep state of Pakistan, reasserted itself foreclosing the possibility of restarting the dialogue ever since.

Every time the civilian governments have tried to restart the talks since 2008, there have been spoiler acts that killed the initiative. The list of these spoiler acts is there for all to see: the Mumbai attacks of 26/11 on the day the two foreign ministers met to give the restarted dialogue some push; the Pathankot attack few days after Prime Minister Modi made a surprise visit to Lahore on December 25, 2015; the attacks in Uri in September 2018 on the eve of possible meeting between the two prime minister on the sidelines of the annual meeting of the UN General Assembly (UNGA) in New York, and more recently on February 14, in Pulwama, on a CRPF vehicle, against the backdrop of impending elections in India, to drive a wedge into the relationship in a manner that neither of the governments of India and Pakistan will be in a position to talk about the talks.

Pakistan's seriousness about meaningful talks with India on any outstanding issue can be measured against its willingness to rein in terrorist elements being enabled by the so-called deep state to launch attacks against India. Given the hybrid power structure in Islamabad, and the temptation to use both anti-India rhetoric and terror as a low-cost asymmetric strategy vis-à-vis India, which is conventionally superior, it is highly improbable that Pakistan would take any appreciable measure against such spoiler elements enabling the prospects of restart of the talks that have been suspended since 2007. The fact that the bilateral talks between the two countries during 2004-2007 had raised the hopes of reconciliation should prod the powers that be in Islamabad to shun belligerence and return to dialogue. However, now, the chances of revival of talks look too

remote, unless of course good sense prevails in Pakistan and the leadership gets out of its obsession with Kashmir and pulls from the brink to engage India in a wholesome manner.

Interestingly, while some of the Pakistani leaders expressed their willingness to talk, there was always a parallel process at work within Pakistan to continue to either "wreck India from within" or acquire strategic weapons as well as conventional arms and ammunition to balance and deter India. From "Operation Gibraltar" to "Operation Kargil", attack on Mumbai, Pathankot, Uri and Pulwama, the process of dialogue has either been followed or preceded by military adventures disguised as militancy or terrorist activity by non-state actors.

Strangely, despite concerted efforts to nurture the anti-India mindset, there is a genuine sense of goodwill and willingness among the people in Pakistan to normalise relations with India. However, such popular support for reconciliation rarely influences official policies vis-à-vis India. Given the fact there are powerful sections spawning anti-India sentiments through media and official propagation of it through textbooks, Pakistan will find it difficult even under a fully operative democratic system to push for a peaceful relationship with India. It is surprising that despite Pakistan's determined attempt to attack India for so many years and inclination to fight thousand years of war with it, there is no dearth of support in India for continued dialogue with Pakistan to resolve all differences and live together in a spirit of good neighbourliness. However, with each passing day, increasing incidence of Pakistan-sponsored terror activities is lowering the patience of Indians to pursue peace with Pakistan.

Imran Khan's Tenure and Future Prospects

After the assumption of office as Prime Minister of Pakistan, Imran Khan, expressed his desire to start talks with India. Perceived as being close to the military establishment, Imran echoed its line while inviting India for a dialogue. He held that India and Pakistan could attain peace only if the Kashmir could be resolved through dialogue. Quite expectedly, he also referred to the UN Resolutions as the way forward in resolving Kashmir. As a civilian leader enjoying

the confidence of the army, Imran has been projected by Pakistani observers as the leader who could take the process of reconciliation with India forward. It must be recognised that in Pakistan, resolution of the Kashmir issue can only mean absorption of the Muslim majority Kashmir valley – the so-called Chenab watershed – into Pakistan. For India, this is non-negotiable. For quite some time, beginning with the offer during Bhutto-Swaran Singh talks during November 1962-May 1963, modification of LoC somewhat favouring Pakistan and freezing it as the international boundary was an option, India was open to, which was unacceptable to Pakistan.

Therefore, the Pakistani emphasis on Kashmir and UN Resolution and disregard of Indian position to discuss other outstanding issues along with Kashmir and build on the earlier rounds of dialogue threaten to jeopardise all prospects of dialogue. As things stand today, with Imran toeing an obdurate line on Kashmir and echoing the army, there is little possibility of him breaking fresh grounds with his Indian counterpart from any political spectrum in India today. There is also a very slim chance of international community weighing in on the leaderships of India and Pakistan to forsake their irreconcilable stances on Kashmir. In the past, well-meaning outside attempts to bring India and Pakistan together have failed miserably for the want of bilateral agreement on either the modalities of dialogue or the suggested concessions on either side to start the ball rolling.

Lessons from Past Talks

It is useful here to remember the gains of India-Pakistan dialogue, during the Musharraf period, catalysed by his famous formula, which prompted them to tread a line that put aside differences and built common grounds on issues related to the core issue, to move the process forward. That is how both countries structured the cross-LoC travel and trade and looked forward to resolving the issue through an imaginative approach, where borders begin to matter less and less and serve to unite rather than divide people.

It is widely understood that the moot question for India is how to deal with asymmetric threat emanating from Pakistan, and there is a great degree of consensus in India over this issue. There is also a

pan-Indian sensitivity about the Indian state of Jammu and Kashmir and no government worth the name in India can ever be expected to gift away the state to Pakistan. In Pakistan, over the decades, Kashmir has been projected as an integral component of national identity and this has resulted in hardening of popular sentiments over the issue. Given these two irreconcilable positions, the solution to the problem has to be worked out honouring the sensitivities of the two countries. The earlier process of dialogue, with its emphasis on weeding out positions unacceptable to each other and focussing only on areas where consensus could be worked out easily, was a good reference point in this regard. The unambitious approach that the negotiators had adopted kept the ball rolling in the right directions. As one of them had famously stated:

> "We believe that in ... undertaking this journey together we may not immediately be aware of what the final destination may be, what shape that final destination would take. But one thing which is very clear to us is that any mutually acceptable agreement that we have to arrive at must enjoy the support of the people of India (and) the people of Pakistan."[3]

The most important issue which this statement flag is to make the solution acceptable to the people of both countries. This is difficult because years of concerted efforts to drill an exclusive line on Kashmir into minds of the citizens of both countries through unremitting propaganda have created mindsets that are too rigid and inflexible, dipped in ultranationalist fervour. It is here that the leaders, rather than being guided by the overpowering popular frenzy that they might have unwittingly contributed to, ought to try to inform, educate and reorient popular imagination away from narrowly conceived views on nationalism and religion. If reconciliation is to be the outcome of the engagement in a case as hopeless as that between India and Pakistan, the leaders are required to play a stellar role by advocating progressive positions on issues and shaping public opinion in a manner that it would contribute to peace rather than widen the gulf between the people of the two countries.

One of the minimalist commitments that leaders of the two countries have mentioned, on several occasions, in their joint statements but failed to honour is to take measures to stop the propagation of adverse propaganda against each other in order to sanitise public perception in both countries. This commitment has been the major casualty because of the penchant of leaders to forge such negative propaganda in their political campaigns to build their political fortunes. This trend has to be reversed and people-to-people contact needs to be promoted to dispel mutual distrust and misunderstanding and consolidate a constituency of peace in both countries. Only then, a conducive ground can be prepared for genuine reconciliation to be effected and sustained. As Atal Bihari Vajpayee, then Indian minister for external affairs visiting Pakistan in 1978, during Zia-ul-Haq's rule, had so lucidly enunciated:

"As leaders [,] we have to respect public opinion [,] *but it is our duty to give it a correct direction*. The future of India and Pakistan lies in cooperation and not in conflict."

Notes

1. Senior Pakistani journalist Khaled Ahmed came out with this observation during the course of his presentation in the SAFMA Regional Conference, "Interstate Conflicts in South Asia" at The Ashoka Hotel, New Delhi, India, on October 9, 2004. He also said that 99 per cent of Pakistani nationalism was based on anti-Indian sentiments.
2. The 'Composite Dialogue' between India and Pakistan started in October-November 1998, received a fillip in the Lahore Agreement of February 1999, and resumed in February 2004. It encompassed eight different issues, which are: (i) Peace and Security, including CBMs; (ii) Jammu and Kashmir; (iii) Siachen; (iv) Sir Creek; (v) Wullar Barrage/Tulbul Navigation Project; (vi) Terrorism and Drug Trafficking; (vii) Economic and Commercial Cooperation; and (viii) Promotion of Friendly Exchanges in Various Fields. Apart from the dialogue on all these issues, technical and expert level talks on Nuclear CBMs, Conventional CBMs, Cross Line-of-Control CBMs, Cooperation between Coast guards, Narcotics Control Agencies, Civil Aviation, etc. were also held regularly.
3. "Press Briefing by Foreign Secretary Shri Shyam Saran, Islamabad", MEA India, September 1, 2005 at https://www.mea.gov.in/media-briefings.htm?dtl/4231/Press+Briefing+by+Foreign+Secretary+Shri+Shyam+Saran+Islamabad.

27. India-China Border Question: The Way Ahead

Zhang Jiadong and Wei Han

Territorial and border issues are both important factors that affect China's neighbouring environment, and the settlement of border disputes reflects the level of bilateral neighbourhood relationships. Generally, the onset of border disputes represents a form of worsening interstate relationships rather than explaining the root of the deterioration.[1]After its establishment, the People's Republic of China had unclear borders almost with all its neighbouring states. Since the 1960s, China has delimitated the boundary through border treaties with 12 countries among its 14 land neighbours. Nevertheless, China, India and Bhutan, respectively have not signed any border treaty, leaving their boundary un-delimitated, though they have border agreement on maintaining peace and stability in the border area. The pending demarcation issues breed instability, border confrontations and conflicts trigger easily. The 21st-century witnessed the rise of China and India, when their internal society, bilateral relations and international environment changes in other forms. The new situation brings new chances and new challenges to the border issues. For both China and India, however, it is necessary and possible to shift from the traditional passive security orientation to a positive security orientation.

Characteristics of the Border Dispute between China and India in Different Eras

The border dispute between China and India presents different features in different eras. In general, the historical background of the dispute can be differentiated into three periods, in which the two countries' assertions for boundary delimitation are influenced

by their diplomatic narratives and principles. In the first period, when the first generation of China's and India's national leaders was in office after their countries' independence, these two countries held divergent views towards their boundary dispute, faced with the similar historical background still with some differences. The second period is characterised by China's open and reforming policy as well as India's pluralistic politics, in which China stepped into a new stage mainly focusing on national interest and economic development. China strived to solve the border disputes with its neighbouring countries including India, while India was constrained in its ability to find a realist scheme to handle the boundary dispute caused by its domestic political fragmentation. The third period emerged with the coming of the 21st century when China and India both entered into an era of rapid development. During this period, with new chances and new challenges arising, the border dispute is not the most important or urgent issue between China and India, though still the most sensitive.

First Period: Before China's Reform and Opening Up/India's National Identity Construction Stage

In the era of Mao Zedong and Zhou Enlai, China attached revolution and war to the world as its basic features and burdened itself with anti-colonialism and revolution. China laid its ideological basis of diplomacy on internationalism rather than nationalism, underpinning its handling of the border dispute with India as well. China and India perceived the era differently, in which China's revolutionary diplomacy and internationalist narrative differed from India's nationalist narrative dedicated to national identity construction. Though they have the same position on anti-colonialism, their substantial differences in the understandings of the world led to contradicted attitudes towards border disputes.

Border Dispute Resolution in China's Internationalist Narrative

From the establishment of the People's Republic of China to the reform-and-opening-up period, China mainly pursued the diplomatic ideology of safeguarding national independence and

sovereignty, promoting world revolution and peaceful coexistence. Upon the founding of new China, it was faced with a long period of economic blockade, political obstruction to the restoration of the lawful seat of the United Nations, and ideological hostility, under which China seized independence, internationalism and peaceful coexistence as their beacon. First, China followed the principle of independence and maintaining its sovereignty. In 1949, the Common Program of the Chinese People's Political Consultative Conference explicitly stated that "the principles of the foreign policy of the People's Republic of China, setting to safeguard its independence, freedom and territorial sovereignty ..."[2] Second, China followed internationalism and was opposed to hegemonism. For the national liberation movement of Asian, China offered political, military and economic assistance. In 1963, Mao Zedong put forward the policy of "three dous(fight) and one duo(more)", advocating the struggle against imperialism, revisionism and reactionary in various countries, and adding assistance to people's revolutionary struggles in Asia, Africa and Latin America. Moreover, China insisted on seeking common ground while reserving differences and peaceful coexistence. In 1953, when negotiating with the Indian Government on the Tibet issue, the Chinese Government proposed the Five Principles of Peaceful Coexistence – mutual respect for sovereignty and territorial integrity, non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence – which steers China's diplomacy.

Guided by its overall diplomatic approach, China pursues the principles of fairness, rationality and mutual understanding in handling the boundary issue, hoping to create a stable and peaceful international environment. China had to be constructed from scratch on its establishment in 1949 and had not signed any delimitation treaty with its neighbouring countries. As the urgency of the territorial boundary issue grew, the Chinese Government started negotiations with its neighbours on the demarcation of the boundary. In the 1960s, China concluded border negotiations with Myanmar, Nepal, Mongolia, Pakistan, Afghanistan and the Democratic People's Republic of Korea and signed boundary treaties to complete delimitation. After

the Cold War, China also delimitated boundaries with Vietnam, Laos, Kazakhstan, Tajikistan, Kyrgyzstan and Russia. Statistically, the Chinese Government has made big concessions in negotiations on border demarcation. China get 18 per cent of the disputed Sino-Burmese border area, 6 per cent of the disputed territory around China-Nepal boundary, 40 per cent of disputed Changbai Mountain Lakes between China and the DPRK (North Korea controls the remaining disputed territory), 29 per cent of the disputed boundary between China and Mongolia, 60 per cent of the disputed territory between China and Pakistan (but China gave 1,942 square kilometres of land to Pakistan). China has also made important concessions in the demarcation of the border between China and Afghanistan, giving up almost all the Wakhan corridor. Except for China's delimitation negotiations respectively with Laos, Russia and Pakistan,in which China has acquired about 50 per cent of the disputed land, less than 50 per cent of the disputed land was obtained by the Chinese Government.[3] Therefore, it is evident that China follows a spirit of "mutual understanding" and inclines towards peaceful negotiations to settle territorial and border disputes. When Zhou Enlai was in office to manage national delimitation work, he proposed that the boundary line of the two countries should be delimited based on each side's interests, and in accordance with the law and historical evidence, thus to deepen mutual understanding and achieve satisfactory results for both sides.[4]

The Nationalist Narrative of India's Identity Building and the Settlement of Territorial Border Disputes

After India gained its independence from Britain, it chose to adhere to the diplomatic norms of non-alignment, anti-imperialism, anti-colonialism and the pursuit of a nuclear-free world. Specifically, India pursued five diplomatic principles at that time: (1) preserving territorial integrity and internal independence; (2) maintaining world peace; (3) promoting economic development; (4) safeguarding the freedom of the people; (5) eliminating racial discrimination.[5]

When Jawaharlal Nehru, first Prime Minister and Foreign Minister since India's independence, held power, idealism and morality had a deep influence on the foreign policy of the Indian government at that time. Against the backdrop of a less stable international environment along with a damaged domestic society, Nehru hoped to use the diplomatic principles and the non-aligned movement to prevent the economic and financial pressures generated by increased defence spending, and in the long run, to get rid of colonial memories and to preserve the fruits of India's independence.[6] Consequently,India actively participated in the arrangements of the United Nations and other multilateral organisations, promoting the denuclearisation of the world by enlisting itself into the nuclear test ban treaty. In addition, India also advocated the non-aligned movement and endeavoured to be one of its leaders, through which it aimed to accelerate the decolonisation process of India.

Although India advertised its peaceful diplomatic norms such as non-alignment and anti-colonialism in the international arena,it followed a nationalistic approach with the mindset of great power when coping with border issues. First, having obtained its independence, India fully inherited the border arrangements of British India and only made concessions to small states with certain conditions. India advocated that "India will recognise and assume all treaties and arrangements signed by the British Indian colonial governments with other countries".[7] For example, towards the border dispute between India and China, India insisted on using the McMahon Line, a product of the British colonial government, as the demarcation standard. Additionally, India and Bhutan signed a permanent peace treaty in 1949, which basically rewrote the core arrangements of the Anglo-India relations with Bhutan.[8] As for Nepal, upon India's independence, it took Treaty of Segoli signed between Britain and India and Nepal as the basic legal reference for the boundary demarcation, regardless of the humiliating memory inherent in the treaty brought by British colonialists in the 19th century. India adopted a principle similar to the Monroe Doctrine and strengthened its influence on the small neighbouring countries through "carrots and sticks" policy – economic aid, military

intervention and other means.[9] For instance,when solving the border issue with Bhutan, India, through the Indo-Bhutan Treaty of Permanent Peace, offered to return 32 square miles of Diwanjiri, which had formerly been part of Bhutan, and increased the annual allowance to Bhutan from 100,000 Rubles to 500,000 Rubles. But in exchange, Bhutan needed to be guided by India in its foreign relations.[10]

Moreover,international reputation also influences India's judgment. During the British colonial period, India accumulated relative advantages over neighbouring countries and gradually perceived itself as a "South Asian great power". The self-perception as a great power influenced India's neighbouring diplomacy and border dispute settlement policy. India's strategy and foreign policy are formed based on its consideration of strengths and weakness, as well as its desire to demonstrate determination and generosity.[11]India's orientation to a "big and powerful country" makes it less likely to give ground on international affairs linked to nationalism. Otherwise, it will "lose face" and meet more difficulties to gain respect and recognition from the "vassal states". Therefore, India has been intransigent in its border conflicts with China and Pakistan.

The Interaction Between China and India in the Border Dispute in Different Narrative Contexts

During this period, China and India reached more consensuses on international affairs but differed greatly on boundary issues. Specifically, China followed the internationalist narrative, while India followed the narratives of nationalism and internationalism at the same time, which led to the fact that China and India acted in the imagination of different historical themes. As a consequence, it was difficult for both to find a common ideological basis for solving problems. China adheres to discuss the China-India dispute issue under its international strategic framework and regards their friendly relations as the precondition to solve the issue. Mao Zedong once said: "as long as both sides are friendly, the boundary issue will be easy to solve."[12]

Aiming to show India and other neighbours that China is eager for a peaceful resolution for its territorial and border disputes, China accelerated border negotiations with Myanmar to a mutually satisfactory conclusion in 1960. After the armed conflict between China and India, the Chinese Government did not take the opportunity to reap the dividends. Instead, it invited six Asian and African countries to mediate and held the Colombo Conference to coordinate the outcomes of the war, in order to present its peaceful orientation. India, for its part, argued unilaterally that there existed no dispute over its boundary with China. Nehru's unilateralism on the border issue contradicted to his assertion of non-alignment and peace diplomacy. In India's position, the McMahon Line was the exact boundary between China and India, and China was not allowed to raise any objection or question on the boundary. What's more, India believed that there is no problem on the boundary between China and India, and they would not negotiate with China on the boundary or conclude any other boundary treaty. "Our map shows that the McMahon line is our boundary," Nehru said in a parliamentary speech in November 1950, "With or without the map, this is our boundary. That's the way it is. We follow that border and we don't allow anyone to cross that border."[13]

At this stage,the border dispute was not among China's priorities,but it was of great importance for India because it involved in India's natural boundary perception and its national geographic identity. In the context of internationalism and anti-colonialism, China was committed to solving problems through consultation, exchange and mutual compromise, while India, nevertheless, could not make a realistic policy in that a so-called natural border is vital to India's national identity and national dignity.

Era of Reform and Opening-up in China/Era of Pluralistic Politics in India

The Settlement of Territorial and Border Disputes under China's Pragmatic Diplomatic Narrative

Entering the new era of reforming and opening up, China has

abandoned the internationalism discourse and revolutionary diplomacy, moving towards a new stage of serving its own national interests and focusing on economic development, since peace and development have become the new themes of the times in the eyes of the Chinese people. Deng Xiaoping recognised peace and development as the themes in the world and claimed that economic construction should be the centre of development. He emphasised "economic construction should be taken as the centre, all other tasks around the centre", and "in order to achieve 'four modernisations' and practice the policy of reforming and opening up, we need a stable and united internal environment and a peaceful external environment. Hence our foreign policy has been made in such background", which indicates the importance of a peaceful international environment for domestic economic construction.[14]

Regarding border disputes, the Chinese Government still resolves territorial and border disputes within the diplomatic and strategic framework,following the path of peaceful settlement, active promotion and flexible arrangement. Since 1949, 18 of the 23 pieces of disputed territories between China and its neighbours have been settled through peaceful negotiations,while armed conflict or wars have taken place in five pieces of land.[15] China has proposed the principles of "peaceful interaction, friendly consultation, mutual understanding, fairness and reasonableness, and comprehensive settlement", setting the main tone for the settlement of border disputes. In addition,in 1979, Deng Xiaoping put forward "shelving disputes and jointly developing" to solve the disputes between China and Japan over the Diaoyu Islands,which provided a new way for China to resolve disputes with its neighbouring countries over territory and maritime rights and interests. Besides, the "hide your strength, bide your time and do something" attitude has also created a low-key and humble posture for China, and laid the foundation for the peaceful settlement of China's territory.

Border Dispute Settlement under Indian Nationalist Diplomacy

India's foreign policy took a new direction after the 1962 border war, where pluralistic politics and nationalism intersected. India's

unsatisfactory performance in the China-India border war greatly shocked its domestic society, and the rising nationalism reoriented India's foreign policy – India gradually abandoned non-alignment position it held highly before and moved towards realistic diplomacy driven by nationalism. Though India, as before, still claimed to take anti-imperialism and the unity of the third world as slogans, it actually carried out realistic foreign policies oriented by nationalism: built alliance with the Soviet Union in 1971, conducted its first nuclear test in 1974, annexed Sikkim in 1975, interfered with Sri Lanka's internal affairs in the 1880s, economically blockaded Nepal because of Nepal's friendship with China.[16] However, faced with domestic economic hardship, India also pursued a number of pragmatic foreign policies, such as active participation in the international system, good relations with great powers, improvement of relations with neighbouring countries, and increased defence spending.

At that time, India's border dispute policy also blended the characteristics of nationalism and realism within its diplomatic strategic framework. To begin with, India made concessions to small South Asian countries to build a border buffer zone with China. Through the Permanent Peace Treaty with Bhutan, India made some territorial concessions in exchange for Bhutan's dependence, which later helped maintain close diplomatic synchronicity. India's management of territorial dispute was also established within its overall diplomatic framework. As a buffer between India and China, Nepal lifted its role in India's foreign policy. In terms of the border dispute with Nepal, India actively carried out consultations and cooperation with Nepal to weaken the negative impact of the border dispute on bilateral relations. For example, the Joint Technical Level Boundary Committee was set up in 1981 to carry out demarcation work step by step.[17] The two sides held several meetings of the joint working group on the border issue between Nepal and India, the meetings of Nepali and Indian border experts, and as well as the secretary-level meetings of the Ministry of Internal Affairs. The current border dispute between Nepal and India, though unresolved, has been relegated in the diplomatic agenda.

China's Interaction with India in the Border Dispute

During the period, especially when Deng Xiaoping was in office,

China made great efforts to settle the territorial and boundary disputes, including the China-India boundary issue,in order to achieve an all-around international development environment with peace and friendliness. As for India, it had still not given up its traditional nationalism discourse, although it had laid its focus on economic development as well. With the background of political fragmentation, different parties in India expressed different positions based on their own political interest rather than national interest, which in return constrained India's ability to find a realistic solution. Due to the political fragmentation, China and India have thus missed a good chance to resolve their border disputes.

In addition, domestic politics and external forces also influenced the settlement. First, India's fragmentation of domestic politics-led to its volatile border policy. In Nehru's government, the sentiments of nationalism in the Parliament swayed Nehru's judgement for making policies. After entering the new stage of bilateral relations, senior officials of China and India visited frequently to further their relationship and showed positive attitudes and actions on border issues. However, occasional rumbles of discord caused by Indian fragmented politics always interrupted the trend of improving bilateral relations. In 1996, after the BJP-led coalition government came to power, they widely spread the panic of Chinese threat by introducing the horrible impact of Chinese nuclear weapons, thus to collect more support for their internal nuclear test.[18] The Chinese Government was "deeply shocked" and "strongly condemned"Indian's nuclear test and verbal attack on China.[19] With the joint efforts of the two governments, China-India relations stepped out from a brief chill. Since then, however, clashes along the China-India border still have been occasionally happened, such as the 2017 Donglang standoff, making their bilateral relations reaching to a freezing point.

In terms of India's external influence, India, at that time, was the target of the United States and the Soviet Union that they wanted to assimilate into their groups, largely because of India's bargaining power through its non-alignment policy. Battered heavily in the border war with China, India steered itself to the side of the

Soviet Union and signed the Peace and Friendship Agreement with the Soviet Union in 1970, hence becoming a quasi-military ally of the Soviet Union. As a result, the special military alliance between India and the Soviet Union contributed to India's tough attitude towards China in the Sino-Indian border dispute. Nevertheless, the subsequent collapse of the India-Soviet special military alliance prompted the Indian government to soften its stance towards China. As a consequence, Rajiv Gandhi visited China in 1988, becoming the first Indian Prime Minister that paid a visit to China since Nehru's visit in 1954. This visit signified a nice-breaking point in China-India relations. During Rajiv Gandhi's visit,China and India issued a joint press communiqué, which expressed their positive attitudes towards the settlement of the border dispute.

India's unilateralism still affects the peaceful settlement of border disputes. India's unilateralism mainly reflected in its unshakable acceptance of the McMahon Line, denying the existence of the China-India border dispute and refusing to negotiate with China on relevant issues. However, in this stage, India's unilateralism mainly appeared in the negotiation process and asserted that no concession would be made to China's proposals. Disappointedly, little progress had been made for several decades, especially on the demarcation of Tawang.[20]

Strategic Significance and Influence of Border Disputes in the New Era

The 21st-century witnessed the rise of China and India. Both China and India are developing countries with a large land area, a large population, rich resources and huge development potentials. Remarkably, they are now playing increasingly important roles in the world economy, and have become the world's most dynamic economies. Both have similar macroeconomic policies. For example, China formally began to implement the reforming and opening-up policy in 1978, while India started its economic reform in 1991. Since then, China's economy has grown at an average annual rate of 10 per cent, while India's has grown at an average annual rate of 6 per cent. China's GDP ranks second in the world, while India ranks

seventh in 2017.[21] China and India, moreover, are also members of the BRICS, representing emerging economic cooperation With such background,the China-India border dispute has taken on new features of the times and acquired new strategic significance and influence.

Characteristics of the border dispute in the era of rising China and India

The rise of China and India has changed not only the world's economic landscape but also, in part, the world's military pattern. In the above background, the balance of power among Asia, America and Europe have also changed. More specifically speaking, the simultaneous development of China and India is the main driving force in the new Asian era. In this new era, China-India relations and the agenda of border dispute settlement have changed its role in the strategic significance within the two countries.

First, China and India have developed a new relationship beyond the boundary issue. In general,the development of China-India relations has gone through four stages: the first stage refers to the honeymoon period from 1949 to 1959, the second stage is characterised by their freezing interaction from 1959 to 1978, and the third stage covers the period from 1978 to 2000, while the fourth stage reflects the rising relations from 2000. Comprehensively viewed, the boundary issue acted as an important variable affecting China-India relations in the previous two stages, and a significant agenda during the third period. Stepping into the fourth stage, China-India relations have entered a period with more multiple links in economy, politics, culture and security, and bilateral issues go far beyond border disputes. In the economic perspective, the economic and trade ties between the two countries have gradually deepened, in that China is now India's largest trading partner, the largest source of imports and third largest destination of exports.[22] In the political scenario, China and India are both major countries in Asia, and their bilateral relations have an important influence on South Asia and even the whole of Asia. In terms of the security,the cooperation between China and India in combat with terrorism and transnational

crimes is of great significance to the stability of the border and the region. Culturally, China and India have a long history of exchanges, and their stable relations have also witnessed cooperation in religious exchanges and cross-border ethnic management.

China-India relations have reached beyond the scope of bilateral relations and possessed a more global significance. On the one hand, the transcendence is regional. Both China and India are major Asian powers with prominent economic aggregate, population size, territorial area and comprehensive strength, whose development and bilateral relations are important variables affecting the regional interstate relations and stability. On the other hand, the transcendence also reflects in the balance of great powers. China and India, historically, were co-opted or antagonised by the United States and the Soviet Union, becoming tools of ideological competition among great powers. China-India relations, in the new era, are also placed within the balancing framework of the diplomatic strategies by the United States, Russia, Japan and other powers. Moreover, such transcendence is also inherent in their participation in international mechanisms. China and India are members of the United Nations, the Asia-Pacific Economic Cooperation, the World Trade Organisation, the Shanghai Cooperation Organisation and the BRICS. Strikingly, their interaction matters greatly in those international mechanisms.

In other words, while border issue remains the most sensitive issue between the two countries, it is no longer the most important and urgent issue, which exerted a complicated impact on the border dispute settlement. On the positive side,it is the first time in the history of Sino-Indian relations that the strategic basis for resolution has been laid due to the declining importance of their border disputes. From a negative perspective,these two countries, however, attach more importance to their national dignity and reputation with their rising strength and improving the international status, which makes it less possible for them to compromise on the boundary dispute. In recent years, for example, China and India have increased their control over the border, leading to growing confrontations between

them. In summary, new opportunities and risks arise at the same time.

The Strategic Significance and Influence of the Border Dispute between China and India

In the past, border disputes were mainly a bilateral issue between China and India, with limited regional and international influence. Traditionally, China and India adopted a negative security orientation, a dual-track policy, towards border disputes, that the border dispute is separated from the development of bilateral relations to avoid accidents. Nevertheless, with the rise of China and India, border disputes have gained more influence on Asian and even global relations.

First, the border dispute not only affects the normalisation of China-India relations but also hinders the sustainable improvement of the two countries' international status and the growth of national strength. The border dispute, like the sword of Damocles between China and India, threatens the stable development of China-India relations. Specifically, the border dispute adds risk to their bilateral relations and even increases the possibility of military frictions, such as those conflicts between China and India caused by border disputes. China and India were dragged into the border war in 1962, driven by a series of border conflicts. Consequently, bilateral relations between China and India had entered a diplomatic freezing period for more than 20 years until they sent positive signals by exchanging their ambassadors again. In addition, however, the Springpi River Valley border conflict in 1987 and the Donglong border conflict in 2017 cooled the relations between China and India once again, which directly led to the visit of Indian Prime Ministers Rajiv Gandhi and Narendra Modi to China to smoothen over the negative impact.

Second, border disputes also affect the way other major powers interact with China and India, making the divide-and-rule strategy of other major powers gain its possibility to affect the security pattern of Asia. To begin with, public opinion is utilised by some countries to influence the mutual trust between China and India. When Indian leaders visited South and Central Asian countries or conducted

joint military exercises with countries like Australia, some foreign media incited the misunderstanding that these normal interactions were actions of "competing with China for dominance".[23] What's more, the perception that China is a threat has also been deliberately spread to reinforce the severity of China's strategic development environment. In addition, India, involved in the border conflict with China, is being courted by some major powers. For example, during the Cold War, India maintained close ties with the United States and the Soviet Union successively after breaking its claimed non-alignment policy. But after the Cold War, India also has kept close ties with the United States and became a part of the encirclement circle targeted at China. Apart from their economic connection, the United States and India have also strengthened their security cooperation through Agreement on New Framework of US-India Defence Relations and other agreements.

Third, the border dispute between China and India makes both sacrifice part of their flexibility of strategic choice, and as well as their strategic ability to game with other countries. The border dispute reduced their bilateral strategic mutual trust. For instance, the 1962 Sino-India border war has been accumulating India's internal nationalism, and the frequent border conflicts have also impacted the mutual trust among citizens. The lack of strategic mutual trust has delayed the process of their strategic layout and policy implementation. More space would be gained for the Belt and Road Strategy and the Eastbound Strategy if the two sides can reach higher mutual trust.

Under the above circumstances,there is necessity and possibility that, when dealing with the border dispute, the two countries transform from traditional negative security orientation in to a positive security orientation. In short term, the current dual-track policy can, to some extent, mitigate the adverse impact of the border dispute on the overall strategic cooperation between China and India; but in the long run, it will still hinder the vigorous progress of China-India relations.

Opportunities and Challenges in Border Dispute Settlement

Opportunities

At present, some positive factors have emerged to facilitate the two countries to handle the border dispute in a more constructive manner:

First, the strategic consensus between the two countries on the settlement of border disputes has been established and consolidated, that both sides accept the basic principle of peaceful settlement and neither side will adopt an offensive military solution. Currently, peace and development are still the themes of the world. China has always adhered to the peaceful settlement through negotiations to solve the border disputes, which has been applied into the practical demarcation. The border war between China and India broke out before, as known, of which both sides acknowledged the negative impact on bilateral development. Despite frequent border frictions between China and India, it has been placed into the two sides' crisis management philosophy to avoid wars. Remarkably, Chinese Prime Minister, Wen Jiabao visited India and reached an agreement with the Indian government in April 2005, that peaceful and friendly negotiations were necessary to solve the border disputes.

Second, China-India relations matters more in their overall diplomacy,and as a result, the negative security orientation would increase the cost of daily maintenance for these two countries. China and India have developed a new relationship that goes beyond the boundary issue and beyond the scope of bilateral relations. On the one hand, China-India relations have entered an era with more diversified ties in economy, politics, culture and security. On the other hand, the bilateral relationship between China and India has taken on new significance in the balance of major-country relations,regional stability and global cooperation. Consequently, the change of Sino-Indian relations not only affects these two countries themselves but also indicates more on a global scale. A negative security orientation will maintain the level of risks inherent

in border disputes on bilateral relations, and even more seriously, increase the cost of maintenance of stable bilateral relations.

Third, the current China-India relations, beyond the border disputes and bilateral scope, have obtained the socio-psychological foundation for dispute resolution. These two neighbours have established a mature and stable mechanism for interaction, namely "global cooperation, regional competition and bilateral management".[24] For one thing, China and India share many common propositions and interests in global cooperation. For example,China and India, in 2008, issued the Shared Vision for the 21st Century to express their consensus on promoting world multi-polarization, modifying part of the international rules, stabilising sovereignty and domestic politics. For the other, both sides have consciously managed and controlled border issues to reduce their negative impact on bilateral relations. Following China-India Donglong standoff in 2017, Chinese President Xi Jinping and Indian Prime Minister Narendra Modi met each other and discussed on bilateral issues in during the 9th BRICs Leaders' Meeting in Xiamen, China. Even more recently, they met informally and exchanged their ideas on bilateral relations and global cooperation in 2018.

New Challenges

There are two types of factors affecting China-India relations, structural and non-structural factors. The former includes border conflicts, China-Pakistan relations, water disputes and competition for international status, while the latter refers to factors concerning trade imbalances, visa issues, historical perceptions and strategic differences. These two kinds now show a trend of differentiation and generalisation, whose influence and importance on China-India relations fluctuates as a result.[25] In addition to the structural and non-structural obstacles, the China-India border disputes are also faced with some new factors:

First, national populism grows in these two countries, and the public can now influence more on the making process of foreign policy. Public opinion and nationalism have always been important factors influencing India's foreign policy decisions. Historically,

public opinions containing nationalism impacted greatly on Nehru Government's foreign policy and on India-China border, escalating the border dispute into a border war.[26] After the 1962 border war, "victim mentality" spread among Indian people, catalysing the propagation of "China as a threat" and anti-China sentiment in India. In recent years, negative reports on China have been increasingly intensified by the media in the English language of India. Consequently, the proportion of Indians who hold a positive impression of China has dropped from 41 per cent in 2015 to 26 per cent in 2018.[27] Modi's policies, in a highly centralised orientation, advocate Hindu nationalism with evident personal and populist characteristics.[28] The combination of populism and nationalism between the government and the people will, undoubtedly, further weaken the continuity, stability and strategic nature of India's foreign policy.

Second, these two countries are more concerned with international public opinion due to their rising status, which hinders the settlement of border disputes. Both countries attach more importance to international public opinion and their own international images, from two aspects, affecting the settlement of the boundary issue. On the one hand, the importance attached to one's own international image will affect the realistic considerations in foreign policy. India sought to become a "great power with sound and colour" under Nehru's government. India's self-perception as a great power has become more prominent with its rise of comprehensive strength and international status. The perception can lead to the failure of the country's self-positioning in border negotiations, as well as the breakdown of negotiations. On the other hand, the international opinion also destabilises trust between the two countries. Some foreign media seek to spread "China threat theory" to contain China and destroy its bilateral relations. They used to view China's normal diplomatic behaviours as a move to expand their own regional leadership. Additionally, those media also magnify the regional competition between the two countries, which will have a negative impact on the mutual trust-building of the two countries.

Third, the rising international status of the two countries has further complicated their comprehension of the boundary dispute and involved in many non-border factors. China-India relations have entered a period with more abundant connections in economy, politics, culture and security, and make their links more complicated. At present, some issues, such as the technical suspension of listing Mehsud, the head of the "Army of Muhammad" on the terrorist list, India's participation into the nuclear supply group and the intervention of the United States, Japan and other countries in the border dispute, have also gradually increased the complexity of the bilateral relations and strengthened the role of the border issue as "a chain reaction".

Conclusion

The border dispute between China and India presents different features in different eras. In the first period, China and India perceived the world differently, in that China's revolutionary diplomacy and internationalist narration differed from India's nationalist narration dedicated to national identity construction. Though they have the same position on anti-colonialism, their substantial differences in the understandings of the world led to contradicted attitudes towards border disputes. Entering the new era of reforming and opening-up, in the second period, China has abandoned the internationalism discourse and revolutionary diplomacy, moving towards a new stage of serving its own national interests and focusing on economic development. As for India, it has still not given up its traditional nationalism discourse, although it lays its focus on economic development as well. Due to the political fragmentation, China and India have thus missed a good chance to resolve their border disputes. In the 21st Century,China and India are rising, with new opportunities and risks emerging at the same time. During this time, border disputes have increasingly become an important factor affecting the situation in Asia and international relations. At present, apart from the traditional structural and non-structural factors, the boundary dispute between China and India is faced with some positive factors and new challenges, thus producing

new features and opportunities of the time. In this context, for both China and India, however, it is necessary and possible to shift from the traditional passive security orientation to a positive security orientation.

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28. India-China Boundary Question: An Indian Perspective

S L Narasimhan

Background

During the colonial era in which the British ruled over India, they launched expeditions into Tibet. Sir Young Husband's forays into Tibet were important in the triangular relationship between India, Tibet and China. India and China became Republics in 1947 and 1949, respectively. India was one of the first countries to recognise China. In the period immediately after India's independence in 1947, India-China relations were good. The term "*Hindi Chini Bhai Bhai*" (Indians and Chinese are brothers) was coined at that time. Relations started going downhill after an Indian Patrol noticed that the Chinese had built the Western Highway in an area which belonged to India in the Aksai Chin in 1954. In the initial stages of the boundary dispute, the stated position of India was that the frontier was firm and definite which was not open to discussion with anybody.[1] In early 1962, the Indian government adopted a "forward policy"[2] under which isolated small posts were established, much against the advice of the Army,[3] to prevent ingresses by the Chinese People's Liberation Army. There have been arguments for and against this policy.[4] Militarily, this kind of deployment was not sustainable. This and some other events resulted in the 1962 India-China War.

Even though the Chinese representative initialled the Simla Accord in 1914, China has not recognised that agreement. McMahon Line, which is a result of that agreement, is being questioned by China even today. China is applying somewhat, double standards when she resolved the boundary issue between her and Myanmar

in 1960 based on the same McMohan line. A number of messages were exchanged between the leaders of both countries. In 1960, during his visit to India Zhou Enlai, then Premier of China offered a package deal. That package deal entailed India recognising its territory in the Aksai Chin in the North as a Chinese territory in lieu of China recognising Arunachal Pradesh as Indian in the East. But this was not acceptable to New Delhi. In an interview in 2018, Dai Bingguo, who was the Special Representative for China in the boundary talks, gave an interview in which he said that the deal was offered to Foreign Minister Atal Bihari Vajpayee in 1979. The last time it was reportedly offered was during Prime Minister Rajiv Gandhi's meeting with Deng Xiaoping in 1988.[5] In 1963, the border became more than a bilateral issue when Pakistan ceded Shaksgham Valley to China. See map below:

Map 28.1: Map of Jammu and Kashmir

Source: Wikipedia.

Note: This map has undergone a change post the Union Territories of Jammu and Kashmir and Ladakh formed on October 31, 2019.[6]

The agreement to cede Shaksgam Valley was signed between Zulfiqar Ali Bhutto on the Pakistani side and Marshal Chen Yi on the Chinese side. Article 6 of the agreement states that: "The two parties have agreed that after the settlement of the Kashmir dispute between Pakistan and India, the sovereign authority concerned will reopen negotiations with the Government of the People's Republic of China on the boundary as described in Article 2 of the present agreement, so as to sign a formal boundary treaty to replace the present agreement, provided that in the event of the sovereign authority being Pakistan, the provisions of the present agreement and of the aforesaid protocol shall be maintained in the formal boundary treaty to be signed between the People's Republic of China and the Islamic Republic of Pakistan."[7] The point to note is that even though India was not a party to that agreement it placed the onus of negotiating for its own territory ceded by Pakistan to China on India.

Progress since the 1962 War

Post-1962, there was a freeze in the bilateral relations. Mr K R Narayanan was the first ambassador to go to Beijing in 1976 after the 1962 War. However, the bilateral relations started improving only after the famous visit of late Mr Rajiv Gandhi to China in December 1988. During that visit, it was decided to set up a Joint Working Group, with the twin function of ensuring peace and tranquillity in the border areas and making concrete recommendations for an overall solution of the boundary question within a definite time frame.[8] In order to keep the India-China border peace and tranquil a number of agreements have been signed between both the countries. Agreement on Maintenance of Peace and Tranquillity along the Line of Actual Control (LAC) in the India-China Border areas of 1993 and the Agreement between India and China on Confidence Building Measures in the Military Field along the LAC in the India-China Border Areas in 1996 were signed during the visits of Mr Narasimha Rao to China and Mr Jiang Zemin to India, respectively. An India-China Diplomatic and Military Expert Group was established on April 22, 1994, and was entrusted with the task to formulate, through

consultations, measures of implementation of the Agreement and the Agreed Minutes signed by the two sides on June 28, 1993, put forward specific proposals, prepare relevant documents and submit them to the India-China Joint Working Group on the Boundary Question for deliberation. The Joint Working Groups met 14 times. The expert groups also met approximately 10 times. However, their inability to make considerable progress on the main question of resolving the boundary was felt. It was also realised that the issue needs to be raised to a higher level if any worthwhile progress is to be made. Therefore, during the visit of Mr Vajpayee, the then Prime Minister of India, to China in 2003, it was decided to nominate a Special Representative from India and China at the Vice Minister-Minister of State level to discuss and find a solution to the complex boundary question between India and China. 22 rounds of talks have been held between them so far. At present both the Special Representatives are of Cabinet Minister's Rank. Though the Special Representatives mechanism was established mainly to discuss the boundary question, over a period of time it has also become an instrument to discuss other bilateral issues. 22nd round of talks is imminent. The proceedings of the Special Representatives' talks are in the confidential domain and therefore progress achieved cannot be stated with certainty. However, there are indications from the past Special Representatives that progress has been made on technical issues. For example, Mr Shivshankar Menon makes mention of that in his book "*The Choices*" (Menon, 2017).[9] As per him, the political decision is the one that is pending. Both India and China need the political will to take a decision on resolving the boundary question. One of the outcomes of the Special Representative talks is the signing of the Agreement between the Government of Republic of India and the Government of Peoples Republic of China on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question signed in 2005.

There have been changes in the position of China on the boundary that has come about over a period of time. As mentioned earlier, China offered a package deal which meant that in the Eastern sector, McMahon Line will be acceptable. However, in the

West, Aksai Chin will be with China. What in effect it means is that in the Eastern sector, China will accept what is India's territory as India's and in return it wants India to accept what is India's territory in the Western Sector as China's. No wonder then, that it was not acceptable to India. From that offered deal, China's position seems to have hardened. In 2006, just prior to the visit of Mr Hu Jintao to India, China's ambassador to India, Sun Yuxi, made a statement in public that China claims the whole of Arunachal Pradesh.[10] Shortly thereafter, the term Southern Tibet started appearing in all China's writings on the boundary question.[11] These issues started queering the pitch in the bilateral relations between India and China and they add to the complexities of the issue.

While there have been many border incidents even after these agreements were signed, efforts have been on to further streamline a number of procedures to reduce the face-offs that occur between the Indian and Chinese troops when they come face-to-face. Between 2016 and 2018 there have been 1025 border incidents, 273 in 2016, 426 in 2017 and 326 in 2018.[12] The prime reason for these face-offs is that the LAC has not been clarified as yet. The process of clarification of the LAC was started with the aim of exchanging maps with respective perceptions of the same marked on the maps. Maps of the central sector were exchanged successfully. However, China refused to exchange the maps for the Western sector thereafter.[13] One reason for the refusal of China to do that could be that it would have involved Shaksgam Valley mentioned above which was illegally ceded to China by Pakistan. Another reason could be that Jammu and Kashmir would be involved in that process and Pakistan also would have become a party to that. The third reason is that China does not want the LAC to become the border as it would willy nilly adhere to the McMahon Line that China does not accept. Therefore, not much progress could be made since then. As a result, LAC remains unclarified. However, the lack of clarification of the LAC has been the main reason for the face-offs that take place along the LAC. Three major incidents took place along the LAC that needs mentioning. But before that, it is pertinent to mention that the Border Defence and

Cooperation Agreement was signed between India and China in 2012 in order to set some standard operating procedures and other measures to reduce the face-offs along the LAC. And an Agreement on the Establishment of a Working Mechanism on Consultation and Coordination on India-China Border Affairs was also signed in 2012. Teams of this mechanism has been meeting regularly ever since. The incidents that are mentioned in the succeeding paragraphs will indicate that these agreements are only good if they are followed in letter and spirit.

In April 2013, a face-off took place in the area of Daulat Beg Oldi. Chinese troops came into Indian territory and pitched tents there.[14] This was at the same time when Mr Li Keqiang, the Chinese Premier, was on a state visit to India. This intrusion caused embarrassment to the Chinese leader. It took three weeks of efforts to resolve the situation and the PLA troops went back. This has resulted in increased efforts put in by India to avoid such an incident happening at that place again. This incident was considered to be a part of signalling by the Chinese by some analysts.[15]

Map 28.2: Location of Chumar

Source: *The Hindu,* June 4, 2016.

In 2014, when the Chinese side was constructing a road near Chepzi in Chumar Area, Indian troops protested against the same.[16] A face-off ensued. Both sides mobilised troops and the situation remained tense. It took some time and a lot of effort to resolve the issue. This incident happened when Mr Xi Jinping, the Chinese President was visiting India.

These two incidents happening at the time of the visit of senior leaders from China has led many analysts to believe that these are well-planned events by the Chinese for strategic messaging to India.

In June 2017, the Chinese started constructing a road in the area of Doklam. This action was in violation of an understanding reached by both India and China in 2012 that any changes in the area of tri junctions cannot be unilaterally altered by any party unless all the three countries involved agree to the same.[17] Doklam is an area that falls in the tri-junction between India, Bhutan and China. In June 2017, when China tried to extend the road from the area of Doka La to Chela across the Torsa Nala, the Indian troops went into Bhutanese territory and stopped them. A 72-days stand-off continued and in end August it was resolved. All these incidents mentioned above indicate India's resolve to protect its territorial integrity and sovereignty. However, India is peace-loving and would like to resolve the boundary question between India and China peacefully.

India has been steadfast in her resolve to defend her territorial integrity and sovereignty. In 1967, five years after the 1962 War, Chinese troops provoked and initiated a border incident in Nathula and Chola area of Sikkim. The Indian troops responded strongly and came out better from the incident.[18] In 1986, Chinese troops intruded into the area of Sumdrong Chu in Arunachal Pradesh. India responded by Heli lifting a brigade to cordon off the intrusion and make the positions of Chinese troops untenable.[19] The issue was resolved after protracted negotiations. The incidents of Daulat Beg Oldi and Chumar have been discussed above. All these indicate that any attempt to violate India's territory will be responded with equal or more effort.

An informal summit between Mr Narendra Modi and Mr Xi Jinping was in the works even prior to the Doklam incident.

However, it finally took place in Wuhan in China in April 2018. This meeting brought in some stability in the bilateral relationship. Among other issues, the leaders agreed to give strategic guidance to strengthen communication in order to build trust and mutual understanding and enhance predictability and effectiveness in the management of border affairs.[20] Post this summit there has been an improvement in the situation along the LAC. The number of face-offs seems to have reduced. A second informal summit took place in Mamallapuram near Chennai in October 2019. There has been a proposal to enhance the defence and security ties during this summit. The Defence Minister of India has been invited to visit China to take this forward. Both these summits have brought stability in the bilateral relationship, particularly in the security domain. In both the informal summits the role of Special Representatives was mentioned. In Mamallapuram, the leaders welcomed the work of the Special Representatives and urged them to continue their efforts to arrive at a mutually-agreed framework for a fair, reasonable and mutually acceptable settlement based on Political Parameters and Guiding Principles that were agreed by the two sides in 2005.[21]

Even though the bilateral meetings have brought improvement in the bilateral relations nothing much has changed on resolving the boundary question. When the Special Representatives mechanism was set up, a three-stage process was envisaged to resolve the boundary question. The first stage was to reach an agreement on the guiding principles and setting political parameters for the settlement. This was achieved in 2005. Presently, both sides are in the second stage which focuses on working out a framework of settlement to be followed by the final step of drawing the boundary line based on the framework agreement.[22]

All these points mentioned above, make India and China boundary question a very complex one. Since the resolution of the boundary question was taking time and a lot of effort, in addition to the agreements mentioned above, a number of standard operating procedures have been put in place to avoid standoffs. However, as mentioned earlier, the number of intrusions by the PLA runs in hundreds every year. In order to increase mutual understanding

and build confidence along the LAC, border personnel meetings were instituted. Presently, they take place at regular periodicity in Spanggur Gap, Nathula and Bum La. Additional border personnel meetings have been agreed upon at Kepangla and Kibithu.[23] In addition to these Border Personnel Meetings, a number of flag meetings are held to resolve any issues that occur between the armed forces of India and China. The levels at which these meetings are held varies depending on the seriousness of the issue to be discussed. In spite of these complexities, there has been no firing across the border for about 52 years. The credit for this goes to the maturity of both the countries and their armed forces.

In order to develop better mutual understanding and confidence between the armed forces of India and China, both sides invite each other for their respective National Days and other festivals. Sports events have been organised between the troops manning the LAC. Exercises have been conducted between the troops guarding the LAC. Officers from both the armies have been undergoing training courses in each other's military institutions. In addition, Exercise Hand-in-Hand that was started in 2007 has been continuing intermittently though. The last Hand-in-Hand Exercise was held in 2018 in Chengdu.[24] In 2019, it has been held in December in Umroi Cantonment in Meghalaya.[25]

Suggested Prognosis

Having said all this, one has to think about how to look ahead in the India-China boundary question. First of all, there should be no additional demands on either side. Any additional demand brought into the boundary question queers the pitch of the negotiations and pushes the discussions behind in time and effort. Three steps can help in reducing the face-offs along the India-China border. The first step should be to adhere to all the provisions accepted by both the countries in various agreements in letter and spirit. Precisely for this, it was decided in the Wuhan Summit, that the leaders of both the countries will give their armed forces instructions to maintain peace and tranquillity along the border. As a second step, it is recommended that mutually accepted Standard Operating Procedures need

to be followed strictly. If either side violates any of the accepted provisions, it may result in a face-off escalating. Thirdly, and more importantly, the LAC needs to be clarified quickly. If this is done, it will minimise the face-offs that take place along the LAC. Once the LAC is clarified, then further negotiations, on the alignment of boundary and demarcation of the same on the ground can be carried out. The first three points are achievable and if done it will keep the border peace and tranquil. It will also create a favourable condition for progress in resolving the boundary question between India and China. The communiqué put by the Indian side also says that "it was decided in the Wuhan Summit that both sides should not surprise each other". This is a good decision that will go a long way in maintaining peace along the LAC.

It is understood by both sides that negotiations on resolving the boundary question is a very complex one and will take time. Both countries should continue carrying out the Confidence Building Measures mentioned earlier and enhance their scope. They should strive towards finding a lasting solution to the complex boundary question.

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29. Future of South China Sea Dispute: A Vietnamese Perspective

Ha Anh Tuan

Introduction

In recent years, the terms *rules-based order* and its variants, as well as similar terms such as liberal rules-based order or the rule of law, have been frequently used by politicians and scholars in many countries in different contexts and situations. These terms share the connotation of building order in international relations based on international law. However, the different schools of thought in international relations have distinct ways of understanding these concepts. While liberals consider the rules-based order as an order reliant on international law and vital for world peace and cooperation, realists contend that the order itself reflects the struggle of power among states. Therefore, there's no absolutely objective order based on international laws. In reality, the use and interpretation of this concept have been made diverse by different actors. This indicates that the rules-based order is a dynamic balance of an ongoing process of interaction between actors in international relations. This chapter analyses the debate on the theory and practice of rules-based order in the present Indo-Pacific region and argues that the ASEAN is the most suitable mechanism to promote an order based on law and led by the ASEAN in the region. However, in order to achieve this leading position, the ASEAN needs to actively interact, set standards and realise with practical mechanisms.

Rules-based Order: One Concept, Different Approaches

While the concept of rules-based order has been widely used by politicians and scholars over the past years, very few documents have

tried to thoroughly address this term. From a strategic viewpoint, a rules-based order of international relations is intrinsically the issue of regional and global governance based on collective efforts through bilateral and multilateral agreements. Practically, the rule-based order in international relations is simply an order in which countries, no matter big or small, must abide by the principles and rules recognised and maintained through diplomacy and multilateral institutions.

Theoretical debates concerning the concept of rules-based order is succinctly summarised through Richard Steinberg's research, in which order and rules can be formulated from a legal or a power approach.[1] If legal perspective prevails, the concept of rules-based order is based on institutional liberalism. Institutional liberals argue that international relations would be more peaceful and secured through cooperation among states. The development of multilateral institutions and regulations agreed by the countries are the basis for cooperation and reduction of conflicts. The development of international institutions helps create a comprehensive legal framework to reduce costs for cooperation and increase the costs of conflicts. In fact, multilateral mechanisms at global and regional levels such as the UN, the EU and the ASEAN have been regarded as the pillars to promote this order. In addition, institutions such as the UNCLOS 1982 are also important sources of establishing basic rules in a rules-based order.

However, realists have negative views on institutional liberalism, arguing that it is impractical to rely on international institutions to ensure a rules-based order. Due to their different interests, states find themselves difficult to reach consensus on international affairs. If history counts, we often see that institutional arrangements and regulations often go after what actually happen and they are not broad enough to deal with many diverse and complex situations of reality. Adding to that, in many cases, international laws are simply not complied by major powers. Many well-known scholars even argue that powerful states do not build orders based on rules. They instead are building a hegemonic order in which they play the role of administrator or organiser.[2]

In short, realist arguments claim that there is no order objectively based on laws. Realists often refer to two key questions to refute the political rhetoric about the legal view of rules-based order: which order and whose rules? Both order and rules are the products of and reflect the relative power and capabilities among states. Different states' perceptions of the balance of power and the conflicts of interest are main sources of disputes in the interpretation of rules-based order. As Anthea Robert argues in "Is International Law International?", powerful states often understand and interpret the most basic principles and regulations of international law differently and often contradictorily.[3] In the context of the global shift of balance of power from the Western domination period to the new stage with the rise of other regions and broader multilateralism, the varied understanding and interpretation of rules-based order are even obvious.

These arguments mean that rules-based order and the principle of rule of law essentially refer to a struggle among countries in order to shape the order in their favour. In the Indo-Pacific, gathering forces is gaining speed amid the increasingly fierce Sino-US strategic competition. Over the past years, competition between the two superpowers has not been unabated and even expanded from strategic rivalry to economic issues, focusing on trade and technology. Many argue that Sino-US relations will fall into a path of inevitable conflict, a foreseeable war between hegemonic powers, or a black hole with no escape called "Thucydides trap".[4] The hegemonic theory argues that the uneven development process between nations leads to changes in the distribution of power and authority among countries, affecting the power structure and the main driving force of systematic advocacy in international relations. When a new superpower emerges, it will inevitably conflict with the established superpower.[5]

Rules-based Order from the Perspective of the US and the West

Since the birth of the system of nations according to the Treaty of Westphalia (1648), international relations have basically been

shaped and developed under influence and guidance of the West and the US, in particular. Especially in the period immediately after the end of Cold War, following the collapse of the Soviet Union and the system of socialist countries in Eastern Europe, the US emerged as the only global superpower, together with its European and Japanese allies playing a determinant role in shaping the world order. Current major multilateral mechanisms and economic and security orders influencing the global level and the Indo-Pacific region are dominated by the US and its allies.

The UN, established after World War II, has by far been the most important and systematic global mechanism. In the period from 1945 to 1959, the majority of UN members were Western countries and pro-Western and pro-America countries; dominating both in quantity and financial resources at specialized agencies and the UNGA.[6] From 1960 to the present, although the role of the US and pro-Western countries has reduced due to the trend of democratisation of international life, this organisation is still grounded and been influenced by the world order after World War II. At present, 3 out of 5 countries of the Security Council are Western countries (the US, the UK and France), despite the fact that the relative power of the UK and France has fallen significantly compared to other emerging countries such as India (ranked 5th, ahead of both France and the UK) and Brazil (ranked 10th). The US remains the largest contributor to the UN, estimated at more than $10 billion annually, accounting for about 20 per cent of its total budget.[7]

In terms of security, the US-led mechanisms such as NATO and the alliance system known as the "hub and spokes" of the US in Asia-Pacific still influence the order and international relations at a global level. NATO was founded in 1949, initially including the US, Canada and several Western European countries to form a collective security treaty against challenges from the Soviet Union. After the collapse of the Soviet Union, NATO did not lose its *raison d'etre*, and actually expanded its influence and admitted more Eastern European countries to form an organisation with 29 member states, influencing beyond the scope of North America and Europe, to the Middle East and Central Asia.

In the Asia-Pacific, traditional "spokes" are bilateral allies, namely Japan, South Korea, Australia, the Philippines and Thailand, and the US' close security partners such as Singapore and India. Washington also participates in a number of regular military exercises such as Balikatan (shoulder-to-shoulder), Cobra Gold and RIMPAC to form a complex network that ensures the US predominance role in security issues in the region. Under President Donald Trump's administration, the US continues to consolidate and build new multilateral security cooperation frameworks in the Indo-Pacific region, such as the tripartite mechanisms of US-India-Japan and the US-Japan-Australia, and the Quad among the US, Japan, India and Australia. Washington also takes part in some institutionalised exercises, such as Pacific Vanguard in the Pacific between the US, Japan, Korea and Australia and Le Perouse between the US, Australia, Japan, and France in the Indian Ocean. The Trump administration has also increased the frequency of unilateral activities to demonstrate American strengths in the region such as freedom of navigation operations, increasing the number of military aircraft flights over the South China Sea.

In economic and financial aspects, the US and its allies also dominate the current mechanisms. The WTO formed in 1995 and its predecessor, the General Agreement on Tariffs and Trade (GATT) have always been under the strong influence of the US. Evidence for this argument is the establishment of the GATT itself. The US Senate rejected the establishment of an International Trade Organisation (ITO), adopted by the Bretton Woods Conference in 1944, for fear that ITO will restrict rather than promote free trade of American businesses. Subsequent rounds of negotiations were conducted in a way that allowed the dominance and influence of the US and Western countries and that dominance were reflected in the signed agreements.[8]

Current major international financial institutions are also dominated by the US. The IMF, established in 1945 and officially operated in 1947, is a vivid illustration. In the first years after its establishment, member states of the IMF even accepted to fix their national currency exchange rate to the US dollar. Presently, the seven

most industrialised countries in the world (G7) holds more than 45 per cent of the right to vote; in which the US holds the highest percentage of votes of nearly 17 per cent. According to IMF rule of voting, if the IMF needs to vote for a decision, it requires supports of at least 85 per cent of the votes of members. As such, the US has de facto right to veto any major decision of the IMF.

Another example of a heavy influence of the US in international financial institutions is the World Bank. Founded at the Bretton Woods Conference in 1944 when the second World War showed signs of ending with the victory of the Allied countries, the World Bank was under the clear control of the US and Britain and that was manifested even at the conference. Currently, the majority of countries in the world are members of the World Bank, but the leader of this institution is always American. At all four main mechanisms of the World Bank Group namely the International Bank for Reconstruction and Development, International Finance Corporation, International Development Association and the Multilateral Investment Guarantee Agency, the US holds voting rights far higher than the rest, with 16.3 per cent; 21.5 per cent; 10.3 per cent and 15 per cent, respectively.[9]

In the Asia-Pacific region, the US also has its economic influences through its membership in APEC and ADB, which is controlled by Japan, an important US ally in the region.

In short, with their superior capabilities compared to the rest of the countries, the US and its Western allies have built and dominated a complex system of multilateral security and economic mechanisms at global and regional levels in the Asia-Pacific region. They contribute to forming an international order, in which the US and its allies have played a dominant role since World War II. The need to build and defend a rules-based order that American politicians often refer recently is, therefore, upholding the values and basic principles of the current international laws.

China's Rise and Attempt to Establish A New Rules-based Order

The shadow of history is an important factor shaping the view of

the Chinese people on international affairs. China had once been a globally influential power until the rise of Europe and the US. In East Asia, China has established a system of relations with its smaller neighbours through the model referred by modern scholars as "tributary system", "order of rule by rites", "lord and vassal" or "clan and vassal".[10] While there are differences in terminologies and perceptions, scholars basically share the assessment of prominent features in Chinese feudal international relations thinking, whereby, the feudal Chinese regimes always put themselves at the centre of international affairs. Only the emperors of Chinese feudal dynasties proclaimed themselves the kings or the Son of Heaven while emperors of feudal dynasties of peripheral states could not do so and vassal states had to accept a subordinate role to China. Smaller states in the region recognised China's leadership role and each year they pay China with material and human tributes in exchange for the latter's recognition and certain autonomy.

China had been the leading power not only in Asia but also in the world. Chinese civilisation has a long history with many brilliant scientific discoveries, for example, paper, printing, compass, etc. During the 13th century, when the US, Africa and Australia were still unexplored or underdeveloped, the horse's hooves of Mongolia had spread throughout Europe which was once the terror of many countries including Russia, Hungary, and Poland. The glorious past has contributed to shaping the Great Han nationalism. Moreover, the hierarchical order in Chinese society and in regional international relations led by Chinese dynasties in the past also has great impacts on China's mindset and behaviour in international stage nowadays.

After a long period often seen by the Chinese as a century of humiliation being torn apart and exploited by Western countries, China regained its independence and was quickly recognised as a major power, partly due to its large size of the population. However, in terms of developmental level, China was still considered within the poor and underdeveloped group. Only after 1978, when Beijing carried out the renovation and open-door policy, China experienced an impressive period of sustained high economic growth. Since

2009, China has become the second-largest economy in the world, only behind the US. Along with the impressive and strong growth period during the past four decades, China has increasingly sought to expand its role and greater influence in international relations.

At the 18th National Congress of the Central Committee of the Communist Party of China in 2012, the Political Report emphasised that China needed to adjust its policy towards multilateral organisations in order to promote the development of the international order and system in a way more suitable with China's interest. In the Political Report of the 19th National Congress, President Xi Jinping reaffirmed that China would continue to play the role as a responsible power, actively participating in reforming and building a global governance system. In fact, China not only sought to assert its greater role in existing international and regional mechanisms such as IMF, APEC, EAS, ARF but also actively introduced new initiatives and established and expanded its influence in multilateral cooperation mechanisms through China-led frameworks, such as SCO, CICA and BRI.

The changes in the balance of power in China's favour today and the mindset shaped through history have contributed to creating a relatively complicated perception of China towards the international system.

As a rising power going beyond the scale of regional power, yet not to the level of global power, China is gradually establishing its position in the region to shape a rules-based order with China's characteristics. This aims at ensuring China's key position in regional international relations and expanding the Chinese perspective on rules and order.

As Malcolm describes, China tends to promote a "geo-legal order" in East Asia, establishing a system of principles as "rules" designed by China, which impacts on shaping security structure and international relations in the region that differs from the existing global legal order. In the political perspective, China considers itself a big country, other countries in the region as smaller states, and those countries are not allowed to take actions challenging China's interests. The image of China's Foreign Minister Yang Jiechi looking

at his Singaporean counterpart George Yeo and boldly declaring "objective truth" that China is a big country, while others are small countries has clearly shown the Chinese idea of international relations in the region nowadays. In a legal perspective, on June 25, 2016, China and Russia issued a joint statement "Promote international law", expressing their voice and political position to influence principles and activities of current international law institutions.

Besides promoting its own view of the rules-based order, Beijing also criticises the US and the West for their approach to the world order today. An article published in *Global Times*, a mouthpiece of the Communist Party of China, said that the rules-based order was not neutral and needed to change as a result of the change of balance of power. The author of this article, Dr Xue Li from the Chinese Academy of Social Sciences, said that the rules-based order post World War II has been built and influenced by the US. Washington has put the world under its sphere of influence and with its system of allies and pro-Western, US-led international political and economic institutions. The US and the West promoted free trade mechanism because they are effective instruments enabling Washington to expand its influence. Concerning mechanisms that may undermine the US interests or bring no significant benefits, Washington does not hesitate to opt-out or withdraw. The US withdrawal from the Paris Climate Change Agreement (COP 21) and its non-participation in UNCLOS 1982 are clear examples. The Chinese scholar went further to history, arguing that the US has always put its interests as its top priorities, regardless of how international security is threatened. Isolationism has been maintained by the US for more than half of century, reflecting from Monroe Doctrine to Woodrow Wilson's "Fourteen Points" and Franklin Roosevelt's "Four Liberals". As a result, President Donald Trump's "America First" motto merely reflects the long-standing nature of the US position.

While criticising the US and attempting to establish its own regional rules-based order, China is aware of its limited capabilities and therefore does not seek to quickly overthrow the current order. Beijing had long pursued the strategy of "hide your capacities, bide

your time", self-restraining from going into direct conflicts with the US and seeking to gradually transform the order through increasing its actual influence and establishing the rules-based order in the areas under its sphere of influence. This formula has only partly changed since Xi Jinping came to power and tended to carry out assertive activities. This approach makes China's interests directly collide with those of many other countries in the region and faces strong criticism from the US and smaller countries.

In general, the formula that China uses to develop rules-based order in its favour has been implemented in five major directions. First, China has quietly increased its comprehensive strengths, vital in supporting Beijing's strategy to expand its influence in the region. Over the years, it has sustained high growth rate in all spheres including the field of its military capabilities. China's defence budget spending reached nearly $170 billion in 2018, ranking second in the world. In addition, China has also step-by-step established its position as a high-tech power, taking the lead in the 4.0 technology revolution. Second, as a member of multilateral legal mechanisms, China has sought to interpret international law in the most beneficial way and is willing to invalidate rules detrimental to China. This feature is clearly demonstrated in Beijing's South China Sea policy as China constantly provides unreasonable explanations of the UNCLOS 1982 to protect its excessive dash-line claim and ignores the tribunal ruling of 2016 on the South China Sea.

Third, China actively participates in the existing multilateral mechanisms and reforms it from within. Benefiting the most from the current economic order, China has no interest in replacing that order, but Beijing has gradually expanded and established its increasingly important role. One best example is China's successful effort to put the Yuan, the Chinese currency, in the IMF's monetary basket of reserve in 2016. Fourth, Beijing develops new China-lead economic and financial mechanisms to promote its international influence. The establishment of institutions such as BRICS Bank and AIIB and the move towards the RCEP, a China-led free trade area, are major steps to break the Western monopoly of influence in terms of finance, currency and international economy. They also establish a higher

position for Beijing as a player in global economic governance. Last, China has also created new security-political mechanisms such as CICA and SCO. Beijing is negotiating with ASEAN countries on a COC of parties on the South China Sea. These mechanisms are exclusive, including only China and smaller countries in the region while excluding the US and other great powers' participation.

Building Rules-based Order in the Indo-Pacific Region based on ASEAN Values

Due to their limited capabilities, smaller states often have low representation in the international arena. Their vision of a rule-based order, as a result, attracts less the interest of the international community. In most cases, smaller states tend to think of their international affairs as responding to the external environment and their relations with major powers to ensure their maximum interests. In the Indo-Pacific region, however, small and medium states have gathered within the ASEAN's framework and made efforts to foster a regional rules-based order in which the ASEAN plays a central role. The ASEAN centrality and the ASEAN-led rules-based order in the Indo-Pacific are based not only on the ASEAN's values but also on long-term interactions between many countries in the region. History has proved that the idea of an ASEAN-led regional rules-based order in the Indo-Pacific is not an illusion.

To begin with, the ASEAN as a collective entity is a large regional actor in many aspects such as economic and population sizes. The ASEAN is a major trading partner of major countries, including the US and China. This block now is home of an estimated population (in 2018) of 650 million people, ranked the third in the world (following China and India). The total land area of ASEAN countries is nearly 4.5 million km^2, ranked the sixth in the world and the GDP in 2018 was estimated at $3 trillion, ranked the eighth in the world. In addition, Southeast Asia is a dynamic region with high economic growth rates. This provides a strong foundation for a greater role of the ASEAN in regional affairs. Over the past decade, the ASEAN has maintained impressive growth, ranging from 4.8 per cent per year to 5.3 per

cent per year. With a dynamic economy, healthy growth rate and young population, the ASEAN meets the conditions to be a potential partner to all countries.

Adding to that, the ASEAN has proved to be able to overcome difficult times. Over the past five decades, the ASEAN has witnessed some sea-change developments in international relations, including the collapse of the Soviet Union and the end of the Cold War. During this period, the ASEAN has been successful in connecting Southeast Asian countries and maintaining regional peace and stability. Throughout its existence since 1967, the ASEAN has always proved its role of creating the ASEAN's common norms, values and standards shaping international relations in the region. With the lead of the ASEAN, Southeast Asia, an under-developed, engulfed in conflicts and confrontations region emerging in the post-colonial period, has become a community where the possibility of large-scale armed conflicts among the members is almost impossible. The ASEAN's success stems from a well-known approach called "ASEAN Way", whereby countries adhere to the basic principles of consultation and consensus. These principles, together with the gradual approach contribute to easing the concerns about security and sovereignty of Southeast Asia countries when deciding to join the Association.

Finally, the ASEAN has gained recognition of external powers. The ASEAN's efforts in playing a central role in regional issues and promoting joint cooperation have been recognised by the external powers. The US, China and other countries publicly express their favour for the ASEAN's centrality role in regional issues. The ASEAN pursues an inclusive approach, welcoming the participation of external powers in the ASEAN-led multilateral mechanisms in the region. The 1976 ASEAN Treaty of Amity and Cooperation (TAC) is a typical example. Many major powers outside Southeast Asia including China, the US, Russia, Japan, Australia, India, Canada, EU and many European countries have now become signatories of this treaty. In addition, for many years, many mechanisms such as ARF, EAS, ASEAN+1, ASEAN+3, ADMM-Plus, etc., have attracted the active participation of many great countries.

If there is something hinting an ASEAN-led rules-based order in the region, then AOIP would be the best document to look at. AOIP was officially released in June 2019, which clearly identified the ASEAN's vision on four points: (i) Asia-Pacific and the Indian Ocean are not geographically contiguous but they are closely connected and integrated with the ASEAN playing a strategic and central role; (ii) the Indo-Pacific is a region of cooperation and dialogue instead of competition; (iii) Indian Ocean-Pacific is a common prosperous and developed region for all countries; (iv) maritime space plays a crucial role in a shaping regional architecture. From this outlook, AOIP aims at four main objects namely building guideline principles for cooperation in the region; promoting cooperation, peace, stability and trust among the countries; enhancing the ASEAN's role and the ASEAN-led mechanisms; and implementing cooperation in priority areas within the ASEAN, such as maritime cooperation, increasing connectivity, and realising sustainable development goals.

Implementing AOIP is a long-term process of interaction between different parties, requiring the active participation of not only ASEAN members but also external powers, especially the US and China. At a practical level, the ASEAN can focus its priority on some areas. Reforming EAS is one important aspect. It is necessary to strengthen the connection between EAS to other mechanisms. EAS is a unique mechanism with the participation of leaders of 10 ASEAN countries and eight major powers in the region namely the US, China, Japan, India, Russia, South Korea, Australia and New Zealand. However, EAS is lacking a necessary connection with other working-level mechanisms to ensure substantive discussions and implementation in the summits. Besides, mechanisms enabling the ASEAN to interact with external partners, such as ASEAN+3, ARF, ADMM-Plus, also need to be reformed, reducing cumbersome administrative processes, increasing creativity to achieve the substantive content of cooperation and contributing to strengthening the regional ASEAN-led rules-based order.

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Part VI
Energy, Geopolitics and Maritime Dimensions

30. Bangladesh and the Geo-Politics of Bay of Bengal

Shamsher M. Chowdhury

Historical Background

The end of the Second World War saw the beginning of the Cold War and the concomitant emergence of an ideologically divided bipolar world, commonly known as the US-led Western and the Soviet Union led Eastern 'blocks'. The two blocks were backed by mutually opposing and belligerent military alliances, NATO and the Warsaw Pact, respectively.

Although the East-West bipolar political phenomenon was primarily confined to the two sides of the Atlantic with a divided Germany being at centre stage, its impact on the geopolitics of Asia was also not minimal. The Korean and the Vietnam Wars of the nineteen fifties and seventies plus the Soviet occupation of Afghanistan in 1979 are stark reminders of how far the tentacles of the bipolar world had reached to our neighbourhood.

The fall of the Berlin Wall in the early 1990s and later the subsequent collapse of the Soviet Union brought an end to the era of a bipolar world and the advent of what one commonly believed to be unipolar, and a peaceful, world, with the US being seen as the single world power. The traumatic events surrounding the Balkans and sharply diverse positions among major stakeholders on more current issues like Afghanistan, Iraq, Libya, Iran, Syria and Ukraine, not to mention the divergent views on the Asia-Pacific domain, tells us that while the Cold War may have ended, wars had not and the much-hyped peace dividends that were to follow the end of the Cold War has remained elusive.

Coming of the Asian Age

The tectonic shifts that were shaking Europe of that period were also observed when key countries in Asia were emerging as economic and military powers. Some countries among them were China and India, and in some ways, Japan is becoming an important player. The fundamental difference here was that the emerging Asian powers focused mainly on the potentials of their economy, and not necessarily on the military, as the principal tool for the manifestation of their growing might. Given the combined consumer base of India, China and Japan and a gradual rise in the market size plus buying power of the populations of other Asian countries, this was understandable.

Notwithstanding the logic of this, it is equally true that no country would consider itself a power, not even a regional one, unless it had the military strength to protect its national, political and economic interests in order to be prepared to meet its perceived security threats and pursue its own geopolitical and foreign policy goals. It follows, therefore, that while both China and India plus Japan, focused primarily on strengthening their respective economies and leveraging that for roles beyond their frontiers, they never lost sight of the need to build their respective military strengths. Not surprisingly, all these countries continue to invest heavily on developing and modernising their military capabilities on land, sea and air, including the development of their own strategic weaponry. What is conspicuously absent in this evolution is a common security architecture. There is no security-oriented intergovernmental organisation, like the OSCE, in Asia, for example. One can perhaps look at the ARF as a possibility.

What is also to be noted is that this region has some of the highest military expenditures in the world and continues to be the theatres of military tensions, albeit, of a limited scale. Territorial and maritime disputes and trans-border terrorism have the potential to cast a shadow on peace and stability. The horror attack in Pulwama and its aftermath is the latest instances of this threat. It is equally important to remember is that three Asian countries are nuclear-armed and possess effective delivery systems.

Japan, which had allied itself with the Axis forces during the Second World War, was constrained by the terms of its surrender in the War to have caps on its military size and role. But all that changed in 2015 when the Japanese Diet voted into law a bill that would allow Japan to deploy its military in combat roles beyond its territorial boundaries for the first time in seven decades.

The facts stated above indicate clearly the emergence of a multi-polar Asia, spearheaded primarily by China, India and Japan, with the shadow of the US looming over it. While the canvass is not devoid of tensions emanating from divergences of interests, territorial claims and counterclaims, it does not reflect the hostility and belligerence that characterised Cold War Europe. Importantly, it is the strength of the growing economies of the major players that have become the primary tool behind their pursuit of increasing their influence in the Asian domain. That, in my view, is positive that all can use in a common goal of making Asia a stable, economically and financially sound continent. Importantly, it is a continent that straddles two mighty Oceans, which is the Indian Ocean and the Pacific, through which majority of the global maritime trade takes place, plus in this region, major air corridors are also located. The strategic importance of this massive swathe of land and water, therefore, could not be over-emphasised. The Indo-Pacific Strategy is but a manifestation of that, albeit, with mixed views from key players. Prime Minister Shinzo Abe of Japan, who has repeatedly called for ensuring freedom of navigation on the two Oceans, describes it as the "dynamic coupling between the two vast oceans as seas of freedom and of prosperity." It is the coming of the Asian Age.

Bangladesh and the Geo-politics of the Bay of Bengal

Geographically, Bangladesh is situated on the top of Bay of Bengal and shares its maritime and land boundaries with India and Myanmar. It is effectively the link in the chain that connects South and South East Asia. It is this very location which gives Bangladesh its geo-political relevance. This also poses a challenge for Bangladesh as it strives to position itself in this evolving geopolitical scenario and try to preserve and protect her own national interests while maintaining

healthy relationships with key Asian friends. This is a challenge that countries like Bangladesh must be ready to face and deal with using tact, craft and vision.

On its part, Bangladesh has much to offer, beginning with the fact that it will soon be graduating to a middle-income nation. It has a huge market. The country has recorded enviable and consistent economic growth in recent times, driven mostly by increasing exports and foreign remittances. Bangladesh has institutionalised the concept of Micro-finance which has helped take millions, mostly women, out of abject poverty and has empowered them socially. The middle class is among the largest in the region and growing. The country can rightfully boast of having a secularised society with a soundtrack record of girl's education and women empowerment. In the area of foreign policy, Bangladesh believes in the concept of using diplomacy as the first line of defence. It has been consistent in pursuing mutually beneficial bilateral, regional and trans-regional relationships. It has demonstrated its capacity and resolve to deal firmly with extremism and terrorism. Bangladesh has a sizeable military that is professional, has developed a global character and is widely respected for its disaster management capabilities and for keeping the peace under the UN in far off lands. More recently, Bangladesh has earned universal accolades for readily providing shelter to more than a million Myanmar Rohingya refugees fleeing persecution at home. Bangladesh, therefore, has defied sceptics and has earned recognition as a responsible neighbour and a regional player.

The widely held view that India and China are competing for influence in Bangladesh, and in South Asia in general, has gained currency with the flurry of activities between the two Asian giants and Bangladesh, over the last couple of decade or more. Exchange of high-profile visits between them and signing of mega deals in the areas of connectivity, infrastructure development, defence and energy has given credence to these perceptions. Added here is the increasing visibility of Japan in the area.

It would be contextual here to look at the nature and form of relations that Bangladesh has with the key Asian powers, focusing mainly on India and China, and also Japan.

Indo-Bangla Ties, A History

Here matters of geopolitics and strategic goals are juxtaposed by a potent element of history. India's invaluable role in Bangladesh's War of Liberation in 1971 is a fundamental element that has shaped the parameters of the relationship between the two South Asian neighbours. This relationship is described as being written in blood. More than sixteen hundred members of the Indian Armed forces laid down their lives during that critical juncture of history that changed the map and geo-political landscape of South Asia. The gesture by the Bangladesh Prime Minister Sheikh Hasina during her visit to India in April 2017 to formally recognise the supreme sacrifices made by members of the Indian Armed Forces during its Liberation War in 1971 was as poignant politically as it was symbolic.

There, however, remain issues between the two that needs resolution, like finding mutually acceptable solutions to sharing the waters of our common rivers. More recently, India's position on the Rohingya crisis has raised questions in Bangladesh.

Notwithstanding that, the ties remain on a firm footing and are one of constant engagement focusing on addressing bilateral issues. Enhanced people-to-people contact, and strong cultural ties have provided important inputs in this critical relationship. Bangladesh Prime Minister Sheikh Hasina's high-profile visit to Delhi in 2017 provided optimism for a better future. It was high on optics that matched the substance. Even though there was no progress on the water sharing issue, more than 20 deals covering a wide range of issues were signed. Connectivity was boosted with new rail and road, and now a river, connections. A credit line of $4.5 billion from India was signed to cover costs related to multifarious projects, boosting Indian investments in Bangladesh, and cooperation on peaceful nuclear technology. Furthering the ongoing cooperation on combating trans-boundary terrorism and violent extremism was also agreed. A defence deal was signed under which India will provide a $500 million line of credit for the Bangladesh military. Defence cooperation between the two militaries has been on a constant rise in recent times with the holding of joint military and naval exercises. The Joint Statement issued following the talks said, inter alia, "The

two Prime Ministers affirmed that the relationship between India and Bangladesh was anchored in history, culture and language, one that goes far beyond a strategic partnership." Of late, the relationship has been cited as a "model between two neighbouring countries which needs to be showcased for a wider audience around the world." This was re-affirmed during the visit of the Bangladesh Foreign Minister to Delhi in February 2019.

Sino-Bangladesh Relations, An Evolution

Formal diplomatic relations between Bangladesh and China were established only in the mid-1970s. Since then, however, the relations have grown in giant strides, characterised by a large dosage of China's financial and technical assistance in the form of state credits and some grants in a number of areas, mostly in the field of infrastructure development and defence, and now Chinese involvement is increasing in the energy sector. China is the major source of training and procurement for the Bangladesh Armed Forces. A high point in the field of defence cooperation was reached with the delivery of two refurbished Ming class submarines by China to the Bangladesh Navy in November 2015. Understandably, this drew instant reactions from defence analysts in India. Some have expressed concerns over a deepening of China's footprint in India's immediate neighbourhood, calling it as part of a strategy meant to encircle India. However, Professor Bharat Karnad of the Delhi based think tank Centre for Policy Research believes, "It is just a good economic deal that Dhaka could not pass up."

China's President's Xi Jinping's highly publicised visit to Bangladesh in October 2016 created a new threshold. This visit, the first by a Chinese President to Bangladesh after a gap of thirty-odd years, was peppered with offers, and promises, of massive financial and technical assistance that, by some estimates, exceeded $25 billion to be spent over the next decade or so. More significantly, at the end of the visit, the leaders of the two countries agreed to elevate their relationship from a "Comprehensive Partnership of Cooperation" to a "Strategic Partnership of Cooperation". This elevation to "Strategic Partnership" did not go unnoticed in Delhi.

However, the Chinese side has said this "Strategic Partnership" primarily means enhanced Chinese funding of major infrastructure development and other similar projects in Bangladesh.

Japan

Japan's relations with Bangladesh have historically been one focused on the generous Japanese financial and economic assistance for development. Japanese private investors were also among the first to set up a manufacturing business in Bangladesh. Of late, Japan's involvement in infrastructure development in Bangladesh has seen significant growth. Exchange of high-level visits between the two countries has given these ties greater substance and carries with it strategic importance. On the competing claims by Japan and China on a cluster of islands on the East China Sea, Bangladesh has maintained that this could be resolved through mutual negotiations, a position understood by both sides.

Conclusion

It is easy to understand from the above why analysts tend to believe that offers of economic, technical, connectivity and defence cooperation by major countries in Asia like India, Japan and China to countries like Bangladesh are efforts to gain influence in this region. As per this author, this is a healthy development that all can benefit from, especially if one fits Japan into the equation. This is not an "either with me or against me" syndrome. India and China are not just regional powers; they are both matured and responsible players who have clout on the global high table. The handling of the Doklam stand-off is a strong case in point where the leadership of the two countries have demonstrated their readiness to mutually talk things out without being seen to compromise on their respective territorial and strategic interests. Besides, notwithstanding their differences, India and China have convergence on a number of areas. They have very similar positions, for example, on key global issues like climate change, combating terrorism and seeking a rule-based trade regime. Here countries like Bangladesh can benefit immensely from these convergences. Besides, India and China are both members of

BRICS, an institution that perhaps needs strengthening, but it is also a transcontinental body aimed at creating a common platform on several international issues. Being players in today's global politics, they know that soft power diplomacy, connectivity and enhanced economic and military cooperation with smaller countries in the neighbourhood can bring higher political and economic dividends for them than by trying to muscle their way into creating zones of influence, having hostile military alliances or creating the Cold War era style client states. India, China and Japan also recognise that smaller countries such as Bangladesh are today in a position to demonstrate a good measure of autonomy and manoeuvrability in pursuing their foreign and defence policies that preserve their national political and economic interest while balancing strategic friendships. While initiatives such as the BRI and the AIIB have the potential to plug some of the gaps in infrastructure financing that Bangladesh can accept under repayable terms, the appeal of political and economic proximity to India is equally obvious, more so in the context of the emerging Indo-Pacific Strategy. The same is the case with enhanced defence cooperation that, unlike military alliances of the past, it is not aimed against one or the other. Besides, the post-Cold War era global geopolitics has a new form. Here, soft but visible diplomacy, extensive connectivity, enhanced people-to-people contact, and economic cooperation had become the major tools for making friends and deepening those ties. This is no more an ideological war. If there be any competition, it is one for seeking enduring friendships rather than a race for geopolitical dominance. A country like Bangladesh can stand to gain from this if it can focus its diplomatic skills to pursue its strategic goals in a manner that gives confidence to major Asian powers that our foreign policy recognises history, seeks strengthening mutually beneficial ties and yet preserve our ability to exercise a degree of autonomy in making key political and economic policy decisions. At the same time, Bangladesh would expect her close neighbours and friends to recognise that the Rohingya refugee crisis it is not just a bilateral humanitarian issue between Bangladesh and Myanmar but one that can have broader regional ramifications, potentially threatening security and stability,

and respond accordingly. It is our expectation that they would use their leverage and play a more proactive role in finding a solution acceptable to all sides and one that ensures the safe return of these helpless people to their homes in safety and security.

It is in the context of this post-ideological era and economy driven geopolitics that the perceived race for influence through friendship, connectivity and cooperation in South Asia by major players in Asia needs to be seen and studied. It is a positive that can be nurtured in ways where there are no losers. It is geo-economics, not just geopolitics, which should govern the evolution of a strong and stable Asia. This is precisely how Bangladesh places itself in a multi-polar Asia.

The challenges are many and the tasks ahead are formidable. In a scenario where decisions are made by the major players with minimal consultation with the smaller ones, a country like Bangladesh is then forced into adopting a reactive response and adapt and adjust, rather than having a more proactive role. This is an inherent disadvantage for smaller countries in a multi-polar dynamic, notwithstanding the challenges as a country located strategically with its formidable economic progress, commitment to creating a pluralistic society and an enviable social stability, one that seeks to strike the right balance between geo-economics and geopolitics, Bangladesh is well placed to play its due part in a multi-polar Asia.

31. Energy Security and Development: India's Balance between Priorities, Challenges and Opportunities

Shebonti Ray Dadwal

Non-military or non-traditional issues for the security and well-being of States and the human race are increasingly taking centre stage in the evolving international security agenda, redefining traditional security perceptions. This was inevitable as a strong military requires strong economic underpinnings given that economic instruments can bolster a nation's defence capabilities. For example, the main factor that has contributed to the growth of the Chinese military, both in terms of size and capability, over the past 20 years is the growth of its economy. It is therefore understandable why, over the last three or four decades, the centre of the world's economic gravity has been shifting from West to East, particularly to Asia. According to Bloomberg analysis of UN Comtrade data, at the beginning of this century, 62 per cent of all bilateral trade was mainly between the developed countries – that is, the US, Europe and Canada; that share has now come down to 47per cent as developing countries are becoming e more prominent trading partners. Moreover, the value of trade between these emerging economies has gone up 10-fold during this period.[1] Similarly, a report from the McKinsey Global Institute titled *Urban World: Cities and the Rise of the Consuming Class*, highlighted that the 600 cities making the largest contribution to a higher global GDP will generate nearly 65 per cent of world economic growth by 2025, and more importantly, over 440 of these 600 cities are located in the emerging economies.[2]

It is in this context that access to the availability of energy resources becomes critical. There is sufficient literature which

supports that access to energy and the energy intensity of various sectors are closely related to both economic growth as well as its impact on human development. There is also no doubt that energy is also closely linked with the evolution of industrialisation and is a critical input to productive activity and social outcomes such as health, education and habitats.

Given the linkage between energy consumption and economic growth, it, therefore, does not come as a surprise that more energy flows are also moving eastward. For example, more than 45 per cent of crude exported by the Organisation of the Petroleum Exporting Countries (OPEC) members go to other emerging markets, up from 11 per cent in 1997. Over the last 20 years, India's share alone with respect to OPEC crude exports has grown more than 15-fold, placing it behind only to the US as the bloc's largest customer.[3] In the case of natural gas too, China is expected to account for more than 40 per cent of global gas demand growth to 2024, with Chinese natural gas consumption growing by 18 per cent in 2018. The International Energy Agency (IEA) also sees strong growth in natural gas consumption in other Asian countries as well, particularly in the South Asian countries of India, Bangladesh and Pakistan.[4]

Yet, despite Asia's growing share of the energy market, the emerging Asian economies continued to have relatively low influence in determining rules in the global energy market. Following the withering away of the 'Seven Sisters' – the seven Anglo – Saxon firms that controlled the Middle East's oil after World War II till many of the host Arab countries nationalised their oil sectors, there are numerous examples of how oil and gas producing countries, as well as groupings like OPEC, have, time and again, used their resources as much for geopolitical leverage as for revenue accretion. Even today, the manipulation of oil production for influencing prices is being practised by OPEC and some other producers in an attempt to increase the price of oil. Other practices, such as cutting off supplies of piped oil and/or natural gas, as in the case of Russia and the former Soviet Union states, or the US imposing sanctions against Iran and Venezuela to put pressure on these countries to acquiesce to

their political demands, are also employed. However, these actions have an impact not only on the target countries but also on the energy-importing countries in a wider context, as it impacts on energy supplies on the global energy market.

For example, Iran and Venezuela were both important sources of oil for India, particularly the former. Following the US' imposition of secondary sanctions and warning that it would enforce financial penalties if it continued to purchase oil from either Tehran or Caracas, India was forced to terminate all oil imports from these countries and had to find alternate buyers. But apart from the impact of these sanctions on individual countries, the termination of supplies from two major producers can have a cascading effect on oil prices given that the oil market is global in nature. According to some studies, with every $ 10 per barrel hike in crude oil prices, India's current account deficit goes up by 0.4 per cent of GDP.[5] According to Petroleum Planning and Analysis Cell of the Ministry of Petroleum and Natural Gas, India spent $112 billion on oil imports in 2018-19, up from $87.8 billion in the previous fiscal year.[6]

Secondly, many of the Asian countries have been subjected to the Asian Premium by OPEC members primarily. The Asian Premium, which dates back to the 1960s, is an additional charge per barrel that is imposed on only Asian countries to compensate for the subsidised price given to western buyers. India has been consistently demanding the removal of the Asian Premium but has met with little success.

The situation in the gas market is better for Asian consumers, who are now the largest importers. For example, the premium on gas no longer exists due to the current oversupply and the need for producers to capture greater market share with large consumers. However, given that the demand for gas is expected to increase over the next decade, with more and more Asian consumers entering the market, and the fact that gas prices are linked to oil to a large extent, the issue of volatility and high prices in the future cannot be ruled out, as well as geopolitical issues.

Since 2007, the advent of US shale oil and gas in the market has seen a sea change taking place. With increased supplies of shale oil and gas, traditional producers have seen not only their market

share being eroded, but repeated attempts to shore up prices by cutting production have not succeeded as the market is flooded with additional supplies as the US, hitherto their largest export market, is now poised to become a competitor for market share. While the drop in prices is welcome for Asian consumers, it does not provide them with more market clout. A once import-dependent America is now once again in the driver's seat, using its new found status as a major energy supplier to further its political agenda.

The Transition

The advent of climate change created an environment provides the opportunity to end the skewed structure of the energy market, with conditions. Given that the use of fossil fuels is believed to be one of the major sources of carbon dioxide emissions, which in turn is a major factor in hastening global warming, more and more nations are now enhancing non-fossil fuels as primary energy sources. While this transition is unlikely to end the geopolitics that has governed the (fossil fuel-based) energy market, it could nonetheless transform the energy landscape from its current supply-led avatar. First, it can lead to greater energy security, particularly for the energy importing countries; second, it can lead to greater and more sustainable economic growth for those countries that succeed in embracing the transformation by seizing the opportunities that are on offer. While technological advances have narrowed the gap between renewable and non-renewable energy resources in terms of their competitiveness, eventually the nations that successfully gain access to new energy technologies will not only be able to enhance their energy security but will also gain economic leverage vis-à-vis energy markets. In a manner reflective of countries that held vast reserves of fossil fuels, countries that have the mineral resources required for the manufacture of renewable devices, such as wind turbines, trackers, transformers, inverters, photovoltaic modules, semi-conductors and most importantly, energy storage technology, now have the opportunity to become part of the global production and value chains necessary for renewable technologies.

Third, as global demand for fossil fuels starts declining, existing alliances which were built on the fossil fuel chain are likely to weaken. Countries that were once perceived as relatively less important markets for fossil fuels are now being courted as preferential markets for the producers and exporters of hydrocarbons. The rules that were once framed and executed, often to the detriment of developing countries, are now being revised to facilitate access to these markets in order for the producers to retain market share.

Finally, as the transition to renewable energy places electricity at the centre stage, the nature of energy trade too will transform from one that revolves around trade in fuel stocks to energy flows, allowing geographically contiguous countries to integrate their grids with those of their neighbours, which in turns leads to economies of scale, reduction in carbon emissions, and facilitates the use of multiple fuel resources.[7]

Of course, much will depend on how individual countries make this transition to a largely non-fossil fuel economy and whether they will have access to relevant technology to access renewable energy equipment and knowhow, and thereby strengthen their position in the race to become a leader in the said technology, as without such access they will remain dependent on traditional fuels, and renewable energy equipment imports. Moreover, low-carbon energy transitions require major changes in consumption habits and a profound transformation in the organisation of energy production and distribution. In other words, the de-carbonisation process remains conditional on a radical change in the technological base of the energy system.

Challenges in Energy Transitions

At the same time, this energy transition has the potential to create another set of energy geopolitics that was – and still is to a large extent – prevalent in the global energy market that is still dominated by fossil fuels. Just as countries and companies that have the requisite resources and/or technology to explore, extract and process fossil fuels had the advantage, a new set of energy players with the know-how for manufacture and deployment of clean energy technology, could

now stand to gain. Moreover, the finances required for such an energy transition is huge. It is estimated that around $48 trillion will need to be invested in energy infrastructure over the next two decades.

Second, exporters of electricity, even if derived from renewable energy, could acquire a dominant position with respect to the importing countries, although their ability to use this as an instrument of geopolitical pressure will be less effective than exporters of fossil fuels. However, relations between the countries will have to be considered, particularly when there is a lack of trust between them, as it is in the case of South Asia.

Third, although renewable technologies do not require any fuels to be used, certain minerals and metals are required to manufacture hardware for renewable technologies, such as silicon and rare earth minerals for photovoltaic modules, wind turbines and lithium and cobalt for batteries needed for storage. There are therefore concerns that countries which are endowed with these critical minerals may use them to exert pressure on countries that lack them. An example for this is the 2009 restriction of export of rare earth elements (REE) by China, which controls a substantial part of the global supply of rare earth minerals, to foreign buyers, leading to panic in the markets price escalations. While any of these minerals are present in several countries, they are usually dispersed and not often found in concentrated forms, making economic exploitation challenging. Moreover, the technology for processing and separating the various elements is even more difficult, and few countries have requisite expertise currently.

Fourth, apart from land-based minerals, the race for accessing and acquiring minerals could also increase competition among States over the global commons – in the oceans, such as in the Arctic, the South China Sea, etc. Commercial seabed mining seems imminent, highlighting the need for coherent effective policies to safeguard the marine environment. The management of seabeds are partly under the International Seabed Authority and partly under national jurisdiction. However, both lack transparency in general.

Finally, as the demand for the raw materials required for the manufacture of renewable technology increases, it may lead to

shortages, leading to scarcity and supply risks. In a multipolar world, countries may resort to resource nationalism, somewhat akin what is prevalent in fossil fuels, rather cater to the public good. The biggest losers will be resource-poor and technology-deficient developing countries who lack the requisite finances to invest or purchase the raw materials or the technology.

India's Energy Dilemma

As is the case with other developing countries, the Indian Government is faced with the twin challenges of ensuring access to affordable and sustainable energy to all its citizens in order to meet its development goals while meeting its commitment under the Paris Agreement to cut its emissions by 33-35 per cent by 2030 from 2005 levels. With seven Indian cities listed among the top 10 most polluted cities around the world, according to a 2018 report by IQ Air Visual and Greenpeace,[8] the need to address this challenge is being perceived as urgent.

Part of the reason for this is India's rapid urbanisation and fast-paced economic growth. In fact, when one looks back at India's economic trajectory over the last two decades, the country has undoubtedly come a long way from where it was at the turn of the century. Currently, after overtaking four big economies (namely, France, Brazil, Italy, and Russia) since 2014, India is well placed to overtake the UK to emerge as the world's fifth-largest economy, according to a PwC study.[9] Nonetheless, India will have to address some overwhelming challenges if it has to maintain its growth trajectory. Moreover, by 2030, 50 per cent of India's population will be urban residents.[10] There will also be more than 5,000 small urban towns with 50,000-100,000 persons each, and more than 50,000 developed rural towns with 5,000-10,000 persons residing in them. More importantly, 65 per cent of India's population belongs to the below 35 age group with growing aspirations, which are in danger of being constrained by a lack of, or inadequate, access to energy, be it in terms of physical infrastructure, electricity and digital connectivity.[11] A major contributor, as well as a challenge, is access to adequate and affordable energy as the growth of an economy, along with its global competitiveness, hinges on the availability of cost-effective energy sources.

For India, therefore, ensuring energy access to its growing population as well as achieving its goal of emerging as one of the leading economies is an important challenge as well as a priority as economic growth is linked with its goal of poverty eradication.

In order to meet its twin goals of providing energy (power) for all as well as improving the environment, India opted for increasing the share of clean energy to its basket. And it has been acknowledged globally that India's efforts towards this goal have been substantial. From a total of 22,465 MW of installed generation capacity in renewable energy in 2014, which accounted for 13 per cent of its overall installed capacity, at the end of June 2019 India's overall renewable capacity had gone up to more than 80,467 MW, that is, around 23 per cent. Of this, solar energy (grid mounted and rooftop and off-grid) accounted for more than 30,418 MW, and wind for 36,368 MW, up from 22,461 MW in 2014.[12]

However, over the next 25 years, energy demand is projected to go up to more than double the current 358 GW which, incidentally, is the third-largest installed generation capacity in the world after the US and China.[13] But given the expected demand, this may still be insufficient in terms of ensuring 24x7 power for all its citizens, a major goal of the current government. By 2030, India's electricity demand is expected to be around 873 GW,[14] given that the current compound annual growth rate is around 6 per cent. Moreover, keeping the goal of emission reduction in mind, the government has set a goal of electrifying the transport sector to reduce pollution levels, which are among the highest in the world, which will increase the demand for power. Therefore, if the challenges in the energy sector across the various sectors are not addressed, it could derail the country from the path of development.

But where is this energy going to come from?

Despite an ambitious plan that entailed reducing the country's import dependency of oil by 10 per cent by 2022, the import dependency on oil has increased from 78.3 per cent of total consumption in 2014-15 and 83.7 per cent in the first 10 months of FY2019. The increase has also been consistent with dependence on imported oil increasing in all the five years of the government with

the number being 80.6 per cent in FY2016, 81.7 per cent in 2017 and 82.9 per cent in 2018.[15]

The story is similar in the natural gas sector. In 2019, India's natural gas (LNG) imports exceeded 50 per cent of consumption,[16] although this was more due to a drop in domestic production rather than higher use of the resource. Nonetheless, with the government announcing that India would be moving toward a gas-based economy and would be increasing the share of gas from the current 6 per cent to 15 per cent by 2030, the expectation is that the demand for gas will rise over the medium term.

India has therefore embarked on enhancing the domestic production of its fossil fuels. For example, the average recovery factory of India's oil and natural gas-producing fields is around 22 per cent due to lack of access to requisite technology, while some private sector companies' average production rate is around 35 per cent. The goal is to now achieve a recovery rate of around 50 per cent in the next 20 years.[17] Moreover, despite launching several rounds of bidding and introducing revised attractive terms, India has not been able to attract the big oil companies in its upstream sector. As a result, the production of oil and gas from its domestic fields have not succeeded in enhancing production. Nonetheless, it is unlikely that with the huge demand foreseen, India will not be able to produce the quantities required to satisfy demand.

Even in the case of coal, despite having one of the largest reserves in the world, and the second-largest producer of this commodity in 2017, India's coal import increased by 8.8 per cent to 233.56 million tonnes in 2018-19, compared to 214.61 MT in 2017-18.[18] This is because given India's dependence on coal-based power – which generated 72 per cent of India's electricity in 2018-19, according to the Central Electricity Authority[19] – and other coal-consuming industrial sectors like sponge iron, steel and cement where demand will still outweigh supply and will continue to do so in the foreseeable future. Moreover, with the adoption of e-mobility, the demand for power would also go up concurrently, including during off-peak hours, as thousands of households charge their electric vehicles.

Therefore, in order to lessen its even higher dependence on

imported fossil fuels, as well as to meet its commitments under the Paris Accord on emission cuts, the government has turned towards alternative energy sources, particularly renewable energy resources. But despite the substantial progress that has been made in enhancing the share of renewable energy in its overall energy basket, there are several challenges that have to be addressed and overcome before renewable energy can attain the goal of producing 40 per cent of the country's generation from renewable energy resources by 2031.

India's Renewable Energy Challenge

First, without storage capacity, renewable sources, like wind and solar will not be able to produce the volumes of energy required to replace fossil fuel-based power generation as they are available intermittently. Currently, the search for large-scale battery storage for fully renewable-powered grids, the cost factor, albeit decreasing year on year, is not yet competitive with fossil fuels.[20] While countries like the US, China and Japan investing in technologies that would facilitate the transition to 100 per cent renewables, India, however, has still to make the transition to small-scale storage systems, both for the power and transport sector. The recent decision to downscale the government's ambitious plan for 100 per cent electrification of vehicles to only two – and three-wheelers by 2030 is a pointer to the challenges that the issue presents.

Second, the share of domestically manufactured solar panels in only around 9 per cent, the rest of the photovoltaic modules being imported, mainly from China as well as Malaysia and Taiwan. Albeit late in the day, the Indian Government has now woken up to the need to infuse technology into the domestic renewables manufacturing sector and has plans to launch a scheme to invite global companies to set up manufacturing plants in sunrise and advanced technology areas such as semiconductor fabrication, solar photovoltaic cells, lithium storage batteries, solar electric charging infrastructure, etc.[21] However, the issue of access to raw materials used for manufacturing renewable energy equipment remains.

Third, India is well behind in the global race that has commenced in gaining access to the minerals required for the manufacture of the

hardware, like wind turbines and solar panels, as well as storage batteries. While India does not lack in various minerals, including REE, it was not sufficiently prepared for the huge demand for these minerals and lost the opportunity for establishing a strategic position for itself in garnering the technological expertise and data required for mining and processing the same. The two major drivers of demand in the last two decades for REEs are the rate of overall economic growth and the application of REE in sustainable technologies, including magnets, phosphors, catalysts and batteries, which account for over 60 per cent of the demand. REEs are also used in battery alloys, polishing powders, liquid crystal displays, hybrid cars, and light-emitting diodes, as well as in military applications as guidance and control, targeting and weapon systems and communication platforms.[22] Today, China has succeeded in dominating the bulk of the REE market, both with regard to mining as well as the production of key intermediate products such as magnets,[23] thereby placing it in a position to control global supply, which it has used strategically in the past by controlling production and export.

Access to technology, finance and the up-gradation of infrastructure are therefore critical for India's energy security goals, as it is for several developing countries. However, while almost all these countries have shown a willingness to increase the share of clean energy resources in their energy baskets, the lack the requisite technology to make the transition. Moreover, unlike the developed economies, who already have many of these technologies, particularly Japan, the US, Germany, South Korea and France, who together account for 75 per cent of the low-carbon inventions patented globally from 2005 to 2015,[24] the developing countries have yet to gain access to the same. If they attempt to rely only on indigenously developed technology, it would delay the development and deployment of the requisite technology, and in turn, hasten the advent of climate change. Thus, technology transfer from developed countries to developing countries is a crucial part of the climate action plan.

Keeping this in mind, The United Nations Framework Convention on Climate Change (UNFCCC) 1992 established a foundation for the

development, application and diffusion of low-carbon technologies. The 2015 Paris Agreement also emphasises the need for technology networks and alliances in order to promote the diffusion and dissemination of green technologies, both conventional (importing equipment, foreign direct investment, licensing) and unconventional (joint research collaborations and strategic acquisitions).[25] The Paris Agreement also emphasises the need to enable easy access to clean technologies in order to meet the goal adopted to limit the rise in global temperatures to well below 2 degrees Celsius.

However, many of the developed countries have limited and even hindered access to the same. While globally, there has been an effort to ensure the dissemination and diffusion of green energy technology through networks, alliances, and public-private partnerships, such as the UNFCCC Climate Technology Centre and Network (CTCN), Mission Innovation, the Breakthrough Energy Coalition, and International Solar Alliance (ISA), significant challenges in terms of funding, support, and operation remain, which have hindered the same.

The instrument that is used most frequently by the developed countries to deny technology flows is the intellectual property rights regime. The developed countries see a strong intellectual property rights regime as a necessary condition for technology transfer. (I think the original sentence made more sense; breaking it up detracts from the meaning) On the other hand, some developing countries consider that strong intellectual property rights protection may hinder technology transfer.

Developing countries, including India, have been calling for more collaborative global action on technology transfer, based on the premise that all climate actions must be based on climate justice, and technology to facilitate adaption and mitigation should be made available to developing countries at affordable prices. However, a consensus for a technology transfer mechanism has yet to be arrived at due to the complex issues involved with technology transfer and the involvement of multiple stakeholders, as well as the lack of sustained financial support from developed countries and international organisations.[26]

Need for Energy Governance Framework

Energy resources are typically perceived as a critical element of national sovereignty. As a result, national energy governance still reigns above regional or global governance. Despite the advent of renewable energy, seen as a crucial solution to dealing with climate change by lowering carbon emissions, many countries, particularly the developing countries, continue to remain dependent on traditional energy resources, i.e. fossil fuels. However, although energy resources are commodities per se, and should be governed by market rules and associated governance mechanisms, the critical role that energy plays across all sectors, in terms of economy and military, as well as the day-to-day life of common people, gives it a nationalistic and geopolitical hue, often used by governments to gain foreign policy leverage over other countries. Moreover, the introduction of climate change considerations and the strong linkage with energy use, has further complicated the issue by broadening the basket of the resources. While it, therefore, becomes critically important for a holistic structure for governing the energy space, be it globally, regionally and/or nationally, linking the numerous and indeed disparate energy resources under a single governance structure become extremely complex.

The need for a governance mechanism to oversee the energy market was first realised after the 1973 oil shock, and in fact, the IEA was created by the developed countries to counter the politicisation of oil by OPEC, albeit in a limited way. The IEA assisted the member countries to set up oil inventories to counter any disruption in supplies by the producing countries. But membership of the IEA is reserved for the developed countries, although recently countries like China, India and Indonesia have been inducted as associate members. Nevertheless, the IEA is not placed to play a truly global role.

Therefore, with the broadening of the energy resources market and the increase in the number of players, there was a growing consensus that new rules and governance mechanisms that would allow a level playing field for both producers and consumers were required.

Nonetheless, the oil and gas market remained skewed in favour of some countries. The US, which till recently was the principal market for oil, along with the (mainly Middle East) producers dominated the dollar-denominated, oil-led fossil fuel market, calling the shots for everything, from pricing, production and supply-demand. In fact, access to oil – and to a lesser extent, gas – were used as foreign policy and geostrategic tool these countries, leaving import-dependent consumers vulnerable to the prevailing energy geopolitics of that era.

Apart from producers and the US, which ensured that the US dollar was the principal currency used for all oil transactions, countries which controlled transportation networks, also controlled the markets. For example, Russia continued to employ the Soviet-era oil and gas pipeline network to ensure that the Central Asian energy-producing countries remained under its sway by denying access to these land-locked countries to potential markets.

The International Energy Forum (IEF) was therefore created to act as a bridge between oil consumers and producers, and it does bring a certain amount of transparency through the called Joint Oil Data Initiative (JODI) and by getting energy ministers and heads of energy companies to discuss the state of the oil market. But JODI is based on voluntary self-reporting, the database contains many gaps and inflated numbers. Similarly, the Energy Charter Treaty was designed in the early 1990s to manage the energy relations, particularly natural gas, between Western Europe and the former Soviet states. But it was never ratified by Russia, Norway and the US and Russia eventually withdrew from it in 2009.[27]

Again, the International Atomic Energy Agency (IAEA), which was set up within the UN in 1957, with the objective of promoting safe, secure and peaceful nuclear technologies, deals exclusively with nuclear energy issues, including safeguards and verification, security and technology.

Similarly, multilateral development institutions like the Asian Development Bank (ADB) and the World Bank, which also play a substantial role in global energy governance, mainly finance, are also influenced by the agendas of their member governments,

as well as their dependence on donor countries for additional and concessional finance. The World Bank was established at the Bretton Woods conference in 1944 and has its roots in post-Second World War reconstruction. However, the US' influence, as the Bank's largest shareholder, is well documented. Likewise, ADB established in 1966, primarily at the behest of the Japanese government, is perceived as an instrument tool to advance Japanese interests in Asia.[28]

The problem is that these institutions were created as a response to a particular crisis at the time. For example, the IEA was created as a response to the 1973 Arab oil embargo and is focused more about the supply of oil and energy, although more recently it is also focusing on issues emanating from the use of fossil fuels; IEF was created as a bridge for various worldviews – and hence understandings – of the global energy market. OPEC is all about ensuring the security of demand for its members and the International Renewable Energy Agency (IRENA) is focused on alternatives to the fossil fuel market.[29] As a result, there was a lack of consensus on the formulation of an overarching energy governance mechanism, and those that exist with regard to the framework of principles, rules, norms and processes that govern various aspects of the energy spectrum are too fragmented to address any issues and/or disputes. As a result, existing global governance mechanisms have been ineffective in addressing the challenges in an integrated manner. It was nevertheless hoped that with the advent of renewable energy, a less politicised market would emerge, as it did not involve various fuels, which are disproportionately found in different parts of the world, not least in some of the most politically volatile regions. The emergence of institutions like IRENA and the Renewable Energy and Energy Efficiency Partnership, certainly indicate that the first stages of this institutional development are already underway. However, challenges with respect to renewable energy too are emerging and will need to be addressed. Ironically, as was the case of the fossil fuels, the minerals, as well as technology that are used in the manufacture of renewable energy equipment, are not evenly distributed geographically, thereby leading to conditions similar to a fossil fuel dominated market. Today, along with the

race by nations to acquire fossil fuels, a competition for capturing sources for strategic minerals is also growing.

Hence, as the demand for energy grows rapidly, and more importantly, the direction of energy flows is moving increasingly from the west to east, concerns that supplies will fall short leading to competition for energy resources remain a matter of concern. As a result, many consumers are displaying a growing lack of faith in international oil markets, and their efforts to develop overseas energy assets, be it oil and gas, or minerals, is an indication of the same.

Acknowledging the critical place of energy in the global economy and the potential for conflict thereof, the G8 St. Petersburg Declaration on Global Energy Security of 2006 asserted that the 'development of transparent, efficient and competitive global energy markets' was the best way of achieving overall energy security; this was echoed by the G20 Summit statement at Pittsburgh in 2009 as well.[30] Again in 2014, in Brisbane, the G20 leaders agreed on a set of Principles on Energy Collaboration, wherein they recognised that "the international energy architecture needs to reflect better the changing realities of the world energy landscape",[31] while in June 2015, the G7 leaders pledged to fully decarbonise their economies by the end of the century.[32] But given the diversity of energy resources, it will be difficult to formulate a comprehensive governance mechanism that will provide energy justice to all.

Second, the strong need to limit the impacts of energy consumption and production on the environment and most urgently the climate. Third, the lack of access to basic energy services for billions of people. Since these challenges are in many ways transboundary, effective global energy governance is of paramount importance.

First, the rapidly rising energy demand in the face of an exponentially growing world population.

Second, the strong need to limit the impacts of energy consumption and production on the environment and most urgently the climate. Third, the lack of access to basic energy services for billions of people. Since these challenges are in many ways transboundary, effective global energy governance is of paramount importance.

What Can One Do to Change the Narrative?

Like the numerous institutions, there is no single perspective of energy security, which makes the task of creating a holistic and comprehensive mechanism to deal with the various energy-related issues more complex. As mentioned above, organisations have been set up to represent the interests of diverse players. The only consensus that is emerging is that there is an urgent need for a global energy architecture or mechanism that can replace or take precedence over the existing institutions to ensure that energy justice prevails across the energy spectrum, be they energy producers/suppliers or consumers/importers, evaluate upcoming and futuristic technologies and facilitate the devolution of energy technology across the energy sectors by maintaining data banks to facilitate signalling between demand of raw materials and emerging technologies and supply, and disseminate best practices in the various energy sectors — upstream, midstream, downstream, including energy grids like electricity grids and oil and gas pipelines.

While this may seem idealistic and utopian under current circumstances, the agreements on climate and energy under the Paris Agreement in 2015 and the rapidly developing technologies are creating opportunities that policymakers could look at. For, at the end of the day, all the actors of the global energy economy have one thing in common – a fundamental stake in the stability and continued growth of the world economy. This is achievable only if global energy resources are governed through a stronger global regulatory framework that allows for healthy competition. The question is, do they have the will to do so?

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32. Oil, Ports and Hard Power: Shifting Balance of Power in the Gulf and Horn of Africa

Brendon J. Cannon

Introduction

As the 21st century progresses, global demand for hydrocarbons, particularly oil, will reportedly peak. Some say in 10 years, others speculate that the demands will increase in 20 years. Predictions have a 50/50 chance of being correct, so few may be surprised if the promise of solar or hydrogen fails to materialise in just the way and timeframe envisaged. What can be said with a degree of certainty, however, is that energy sources are indeed diversifying and energy-exporting – oil, liquefied natural gas (LNG), etc. – states are also on the rise. Counter-intuitively, oil is becoming less fungible as the number of crude oils produced and traded increases and refineries become more complex.[1] This means that in key regions buyers and sellers should be less concerned about "security" today than a decade ago. Yet, most indicators point in the opposite direction. The building of strategic oil reserves at Mangalore, India, and the proposed refinery plus a strategic reserve at Gwadar, Pakistan, are just two examples of hydrocarbon importing states cooperating with exporting states to secure their supply of oil. They do so in order to keep the engines of their economies running and avoid oil price shocks during times of crisis.

Also evidenced is a scramble by oil majors and state-owned entities to scour the earth for hard-to-get oil that technological advances now make affordable as well as possible to extract. The recent spate of oil and gas discoveries in Eastern Africa, for example, seems to demonstrate how some "big oil" players and various state-

affiliated or owned entities are searching for ever more diversified sources of hydrocarbons and associated business opportunities. Even after the bottom dropped out of the oil market in 2014, oil-related infrastructure continued to be built and oil blocks auctioned off. For example, Total SA of France, China National Offshore Oil Corporation (CNOOC), and Tullow of the UK have procured production licenses to develop Uganda's oil reserves for export prior to the drop in oil prices, but continued to invest in Uganda after 2014. Further east, Kenya and Somalia – at loggerheads over their maritime boundary – have both sold offshore blocks to competing companies in an effort to support their claims at the International Court of Justice (ICJ).[2] To Kenya's north, in Ethiopia, Chinese companies such as China National Petroleum Corporation (CNPC), CNOOC and Sinopec have explored and found significant supplies of oil and gas. In March 2018, POLY-GCL, the Chinese company engaged in oil and gas exploration and development projects in the Somali regions of eastern Ethiopia discovered oil and gas deposits.[3] Previous estimates suggested 4.7 Trillion Cubic Feet (TCF) of gas reserves in the offing. The current recoverable gas amount has now reached 6-8 TCF and more is expected to be found in the future.[4] Oil has also been discovered in undisclosed quantities in the area around Hilala, 1,200 km southeast of Addis Ababa.

In order to export the gas, POLY-GCL has signed an agreement on pipeline construction with the governments of Ethiopia and Djibouti. Additionally, POLY-GCL will reportedly build an LNG plant in Djibouti that would change the gas into LNG which will be exported to China with special LNG vessels.[5] The total cost of the gas development project is estimated at $4 billion and exports of gas would begin by 2021, bringing in as much as $1 billion in profits to Ethiopia.[6] Ethiopia's status as a hydrocarbon producer and the expected windfall in revenue – minor compared to bigger players in the LNG world such as Qatar and Russia – may prove revolutionary in reshaping power dynamics in the Eastern Africa region as it attempts to secure its desired identity and role as hegemon.[7]

Next door in Somalia, small and medium states such as the United Arab Emirates (UAE) and Turkey are playing an increasingly

visible and important role. This time the focus is not on hydrocarbons or energy supply *per se* but on ports and bases. For example, the UAE's DP World signed a 30-year lease in 2016 with Ethiopia and Somaliland to refurbish and expand the port of Berbera into a regional trade hub. An additional deal between the UAE and the Republic of Somaliland reportedly allows the former to build a military facility next door to the port, centred on a lengthy runway built by the Soviets in the 1970s and expanded by the Americans in the 1980s. Both the port and the base have a range of implications that may play out as much in South Asia, or Northeast Asia, as they may in the Gulf and the Horn of Africa. As demonstrated in greater detail below, this potentiality exists given multiple, ostensible economic and security interactions – often centred on dual-use, critical transport infrastructure such as ports – that may have political ramifications for African host states and external states with often-competing ideological and political interests.[8]

Further south, and two years prior to DP World's deal in Somaliland, a Turkish company (Albayrak Group) took over operations at the port of Mogadishu. This followed on the heels of another Turkish company (Favori LLC) taking over management of Mogadishu's international airport in 2013.[9] By 2017, Turkey not only controlled Somalia's most lucrative infrastructure assets but also built a large embassy and opened a military facility to train the Somali National Army (SNA).[10] To Somalia's north, along the coasts of the Red Sea, Turkey and Qatar are reportedly funding the construction of port facilities and a naval dock in Suakin, Sudan. These moves follow on the heels of the UAE's acquisition of the base and naval facilities in Assab, Eritrea in 2015 as well as Saudi Arabia's expressed intention of building a military base in an over-crowded Djibouti, already home to the American, Chinese, Japanese, and the French military bases.

Much has been written about development such as these. With titles such as "The Gulf, East Africa, and the Great Game",[11] "Base race in the Horn of Africa",[12] and "Middle East Power Struggle Plays Out on New Stage"[13] one could be forgiven for two assumptions: First, that the region is caught up in some neo-imperial scramble

again involving natural resources, the building of ports and railroads to export those resources, and the stationing of soldiers and docking of naval vessels to protect the territories where the resources are housed. Second, that the states of Eastern Africa – powerful and robust states such as Kenya and Ethiopia as well as fractured and weak states such as Somalia – do not matter and have no say in this ongoing scramble. Both assumptions are largely incorrect, as explained in greater detail below.

Eastern Africa is a holdall of multiple states (Eritrea, Djibouti, Ethiopia, Somalia, Kenya, Tanzania and Mozambique), two de-facto independent or largely autonomous states (Somaliland and Puntland), and regions (Horn of Africa, East Africa, Southern Africa). It is a complex, dynamic swathe of geography home to vastly different topographies, political situations, and economies as well as competing interests While it is not surprising that states in Eastern Africa have interests – all states do – what is astonishing is that these interests have barely registered in the analyses and discourse currently in circulation about oil, ports and hard power in the region. Perhaps for reasons involving ignorance, misunderstanding, or a historical path dependency among many scholars and analysts to focus almost exclusively on external state actors, these interests – security, economic, political – have been largely dismissed. A look at three cases, among many, is perhaps instructive and may act as a corrective to these dismissals and misunderstandings in three critical areas: (1) The motivations of African states, (2) the impetus for involvement in Eastern Africa by the Middle East states, and (3) the political economy of Great Power – Eastern Africa economic and security interactions.

African States and Berbera Port

Little analysis has been offered as to how, why and when the UAE's DP World became interested in Berbera beyond the port's connection to and proximity with Yemen, a country where the UAE has participated in a Saudi-led coalition to stem the advance of the Iranian-backed Houthi.[14] Yet, the reality is that both Somaliland and Ethiopia played a critical role in currying DP World's interest.

Ethiopia is a landlocked state and has been reliant on the port of Djibouti for over 95 per cent of imports and exports since Eritrea declared its independence from Addis Ababa in 1993. It is a country of over 100 million people with an economy that has grown, on average, around 10 per cent in the period 2007/08 to 2017/18.[15] Given this strategic conundrum, Ethiopia lobbied Dubai and Abu Dhabi strenuously for Berbera's development and expansion. In doing so, Ethiopia was acting on three primary security interests and foreign policy aims. First, Berbera obviously provides another port for Ethiopian goods and services. Second, by bringing a UAE company to Somaliland, Ethiopia hoped to lure Abu Dhabi away from Eritrea where it had recently signed a deal for a naval base at Assab, as mentioned earlier. The fact that the UAE made deals with Eritrea, an international pariah, made Ethiopia very uncomfortable. Ethiopia has been intent – and is still intent regardless of the recent peace deal between the two countries – on keeping Eritrea isolated and weak, thus allowing Ethiopia to eventually to subsume the country again or at least make it a pliable, client state.[16] Third, Ethiopia desires a stable, but weak Somalia. It can further this by exploiting regional fissures within the country that opened up during the Somali civil war in the 1990s.[17] Put simply, the port of Berbera is in the de-facto, but the unrecognised Republic of Somaliland. Thus, the tripartite deal signed between DP World, Ethiopia (which engineered a 19 per cent stake in the port) and Somaliland amounts to de-facto recognition of what has been a reality for the past 25 years. Somaliland is no longer part of Somalia. Balkanising Somalia works to further Addis Ababa's aforementioned aim. In addition, it plays well with powerbrokers in Somaliland's capital, Hargeisa, who view recognition of Somaliland's independence as the best insurance against the chaos, abuse and misrule they experienced at the hands of powerbrokers in Mogadishu during the breakup of Somalia.[18] Accordingly, Somalilanders also lobbied the UAE for the Berbera deal.

Back in 2015, and fortuitously for Addis Ababa, DP World, which holds a 30-year lease for Djibouti's Doraleh Port, had won a court case in London brought by the Djiboutian government thus freeing up millions of dollars for investment in Berbera. Djibouti's forcible

seizure of Doraleh in February 2018 was very likely a direct reaction to the UAE's development of Berbera as well as other ongoing issues. As if this were not enough, Somalia's government in Mogadishu, ostensibly incensed that Ethiopia had been given a 19 per cent share in the running of Berbera port, banned DP World from operating within Somalia. Somaliland's foreign minister blandly responded that the Berbera port deal only concerned the three parties involved (Ethiopia, DP World and Somaliland) and that Mogadishu's writ of law no longer extended to Somaliland and had not done so for a quarter of a century. In other words, the national security interests of Eastern Africa states (or their political elites) not only matter a great deal, but they also explain much as to why, when and how certain external states, particularly those of the Middle East, have become involved in the region.

Middle East States and Mogadishu

Turkey's role in Eastern Africa is one of this decade's most misunderstood and interesting developments and demonstrates some unique policy and strategic lessons for other external states, which have a longer history in the region or, like Turkey, are relative newcomers. This will illustrate the second major point of this chapter.

Turkey became involved in Eastern Africa in 2011. While it invests more money in Ethiopia, its actions in Somalia have generated far more interest given their highly political nature. Yet Turkey was not originally a political actor in Somalia. Its involvement began with humanitarian assistance to starving Somalis during the famine years centring in 2011. The famine relief was coordinated by Ankara and was largely effective – a marked departure from previous famine relief efforts that were largely uncoordinated efforts by a few states and/or overseen by various UN organisations which have operated in Somalia for decades but have left a bitter legacy.[19]

A few years later, the Somali Federal Government awarded Turkish businesses control of Mogadishu's two most lucrative critical infrastructure assets: the port and the international airport. These were refurbished and expanded and, according to some reports, account for the lion's share of funding for the operation of

the federal government. By late 2017, Turkey had built a palatial embassy on Mogadishu's waterfront, had been operating direct international flights on Turkish Airlines from Mogadishu to Istanbul since 2012 (the only direct connection from Somalia to locations outside the African continent), and opened a military facility for the training of the SNA.

Much of the analysis describing Turkey's motivations and actions was part hyperbole and part a general ignorance of changes within Turkey's domestic space and its new identity as a G20 member and rising power. Like the analyses previously mentioned that ignored or misunderstood the critical role and agency played by African states in fostering their own foreign policy aims by balancing with external actors, many academics and policymakers alike looked at Turkey and its role in Eastern Africa through realist lenses. This led them to prognosticate that Turkey's motivations were for an increase in its own power at the expense of perceived antagonistic states in the Middle East. Yet, these missed the point by a wide mark because they ignored the initial impetus for Turkey's involvement in Somalia and misconstrued its subsequent trajectory. For example, and particularly since mid-2017, when disagreements in the Gulf Cooperation Council (GCC) boiled over between Qatar on the one hand, and Saudi Arabia, the UAE and Bahrain on the other, many were quick to point out an "alliance" between Turkey and Qatar. Additionally, some saw a new 21st century "Great Game" or scramble for Africa pitting rival Middle East political and ideological blocs against one another and yet again ignoring the African side of the equation. Internal dynamics in both Eastern Africa, particularly the Horn of Africa, and the Middle East – two regional security complexes exhibiting high polarity and the lack of a clear hegemon – drive the security and economic interactions of the two regions. Analyses focused on one region's states or the other thus do little to explicate the complexity and nuance of the relationships and interactions. "The fact remains that Turkey's FDI into the Horn is a fraction of its overall budgetary expenses."[20] Private businesses, despite many with strong ties with President Erdoğan and his political party,

operate in places like Mogadishu and Addis Ababa and do much to further Turkey's influence across Eastern Africa. Turkey's much-ballyhooed "base" in Mogadishu, as currently used and operated, is certainly not a base in the traditional military sense of projecting hard power overseas. And its intention to restore the old Ottoman port of Suakin is less driven by any grand strategy of Ankara's than by pandering to a domestic political base hungry for a return to past Ottoman glories."[21]

Map 32.1: Eastern Africa

Source: Wikimedia commons; Peter Fitzgerald, amendments by Burmesedays, East Africa regions map, Names of cities by authorship of the accompanying article, CC BY-SA 3.0.

Security and the Political Economy of Eastern African Ports

Kenya is a robust state that punches far above its economic and demographic weight on the international stage. The gateway to Kenya, indeed the gateway to East Africa, is the port of Mombasa. This subject forms the third point of the chapter.

Goods flowing to and from nine African countries, including Kenya (South Sudan, Rwanda, Burundi, Democratic Republic of Congo, Malawi, Uganda, Ethiopia and Zambia) all move through Mombasa. By some estimates, the port is the largest in East Africa. Indeed, one of the main problems hindering the greater efficiency of the port is the huge volume of traffic off- and on-loaded each day. Kenya has attempted to alleviate blockages by expanding the port.[22] To do this, the Kenya Ports Authority (KPA) has enlisted the support of outsiders, principally the Japanese companies Nippon Koei and Japan Ports Consulting (JPC). JPC is in the midst of a $247 million overhaul and expansion of the port of Mombasa. Nippon Koei is reportedly responsible for the larger development and building of special economic zones, berths, bridges and bypasses associated with the Dongo Kundu Port Area, and maintains offices in Nairobi as well as in Zimbabwe and Mozambique.[23]

In addition to the port expansion, the Kenyan Government has taken the initiative of building a variety of Inland Container Depots across the country, using the newly constructed Mombasa–Nairobi Standard Gauge Railway (SGR) to supply these depots, with traffic arriving in Nairobi after an eight-hour rail trip.[24] Largely built by China Road and Bridge Corporation and funded by Exim Bank of China, the SGR runs parallel to the defunct narrow-gauge Uganda Railway that was completed in 1901 under British colonial rule. It is Kenya's most expensive infrastructure project since independence, reportedly costing $3.6 billion.

In many ways, the SGR has been a success. Passenger traffic has exceeded expectations as the trip from Nairobi to Mombasa has been reduced from over 15 to 4.5 hours. However, partially because of the strong interests of Kenya's truckers, freight traffic has not met

expected volumes. Many Kenyans are concerned about reports of Chinese workers occupying most of the critical positions, as well as different pay scales and racial discrimination against the locals.[25] But, what worries them most is the amount of debt the country owes China.[26] This has thrown a sharp light on the differing business practices of the two principal East Asian powers operating in Africa, Japan and China. It has also brought Japan's nascent Indo-Pacific strategy with India, the US and Australia face-to-face with China's Belt and Road Initiative (BRI) at the Mombasa Port.

Japan has a major stake in the port, as noted, given its consulting and construction work expected to last decades. It also represents one more piece of evidence to Tokyo's policymakers that Japan possesses its own "string of pearls"[27] consisting of ports and critical infrastructure across the Indian Ocean from the port of Nacala in Mozambique to Mombasa and further east in Dawei, Myanmar, Trincomalee in northern Sri Lanka and Matarbari in Bangladesh.[28] Yet, unknown to most Kenyans and certainly Japan was that the Kenyan government had, in 2013, reportedly waived the port's sovereign immunity in order to use it as security for the Chinese loan. This leaves KPA and therefore the port of Mombasa exposed to seizure by the Chinese in the event of a default.[29] This has three major implications. First, should this occur, China would in effect control the two most critical transportation infrastructure assets in Kenya. As noted previously, because Mombasa port services the rest of East Africa it also leaves multiple states potentially exposed. Second, while international law is clear that the power to open or close ports to traffic rests with the state regardless of the identity of the port's operator,[30] there is an uncomfortable understanding dawning on many Kenyans that the country may no longer control its sovereign destiny. Third, the removal of KPA for a Chinese ports operator would almost certainly mean that Japan's toehold in East Africa would be lost.

It certainly is up to the state to decide who runs its ports or who may or may not utilise its soil for military bases – up to a point. But it is hard to argue that a combination of debt to China coupled with Chinese management of both the port and

the SGR will not have some lasting effect on Kenya and the way it is perceived internationally. Furthermore, it will result in an increasingly political role for China in Kenya's internal affairs. China's investments, loans and critical transportation infrastructure developments mirror to a degree the evolution of Turkey's role in Somalia – albeit on a much larger scale and with potentially more lasting consequences for not just Kenya but for the entire East African region given Mombasa's critical role. A look further north to Djibouti and its combination of ports and military bases along with the competing political and security aims of various states further demonstrates this point and how this region is one of the prime intersections of geopolitical contestation today.

In February 2018, when Djibouti forcibly removed the UAE's DP World from the Doraleh container port where it held a 30-year concession, Djibouti quickly turned to a Chinese ports operator to take over operations. However, the combined outcry of other states with significant interests in Djibouti such as France and the US, as well as a reported French arms deal financed by Saudi Arabia led Djibouti to sign a deal with Singapore-based Pacific International Lines. Yet the results were perhaps the same. In August 2017, Pacific International Lines had signed a memorandum of understanding with China Merchants Port Holdings which it described as a "strategic alliance" and "another result" of BRI. As such, perhaps a formal handover to a Chinese company was unnecessary given the reported stake already held by the Chinese state-owned China Merchants in the DCT through Port de Djibouti, a holding company that owns a two-thirds stake in the container terminal.[31]

The UAE protested the illegal seizure of the port and vowed to press its claims in court. Yet the knock-on effect was that Abu Dhabi also increased its interactions with Ethiopia and Eritrea and stepped up its expansion of Berbera port in Somaliland. In doing so, the loss of Djibouti's Doraleh was partially offset by good relations with Djibouti's neighbours as the UAE's security and political aims were largely congruent with current Ethiopian, Eritrean and Somaliland regional policies and aims.[32]

Conclusion

Choices loom that many states inside and outside Eastern Africa will need to confront. These may include choosing sides in geopolitical and ideological disputes such as the regional GCC crisis or global political and developmental projects such as China's BRI and the nascent Indo-Pacific Partnership of Japan, India and others. Importantly, external states operating in Eastern Africa will be unable to avoid localised struggles involving issues of power and security. The case of Djibouti demonstrates how quickly a regional – even personal – disagreement and related actions can quickly become global in scope. The question marks surrounding the Port of Mombasa will certainly be answered, but they will involve Kenya and Eastern African states as much as China and other external state competitors such as Japan. Additionally, the impetus for involvement in Eastern Africa by Middle East states as well as extra-regional powers will likely continue. Development of ports and other critical, dual-use transportation infrastructure is needed and desired by host states in Eastern Africa. Yet, these nodes are also the locus of rivalry and competition between external states and figure prominently in the minds of policymakers and analysts alike as zones of control and power projection; the Turkish, Chinese, or Emirati flags are shown on maps next to Mogadishu, Djibouti and Berbera, respectively. These are little more than mental constructions, and they may convey a sense of imminent conflict where little exists. But they also seem to bolster the conclusion that a scramble is ongoing for what are perceived as increasingly critical points of control and nodes of power projection.

Notes

1. "Back when crude production was more localised, and refineries and end-product markets were less sophisticated, quality differentials between crude oils were less important. Today, however, more and more crude oil comes from an increasingly larger number of diverse deposits. And, since these deposits are so different, they are not easily substitutable except at some of the world's most sophisticated refineries. Even then, this substitutability would occur with potentially undesirable changes in the type and value of refined products produced. To be sure, these crude oils can be blended with other crude oils to allow some refiners to 'run' them, but even here

the differences are so extreme that there are limits to what types of crude can be blended together and in what quantities. Consequently, crude oil is not really 'fungible'– and to compare its substitutability to 'dollar bills' is plain silly." Jonathan Chanis, "Crude Oil Is Not Fungible, Where It Comes from Does Matter, and Global Markets Are More Fragmented Than Many Think," *American Foreign Policy Interests*, 34(3), 2012, pp. 144-148.

2. Japheth Ogila, "Inside the Kenya-Somalia Dispute over Maritime Territory," *Daily Standard*, February 19, 2019 at https://www.standardmedia.co.ke/article/2001313491/how-the-Kenya-somalia-maritime-territorial-disputes-started. Accessed on November 8, 2019. According to this article, Kenya approached the ICJ where both Somalia and Kenya were at loggerheads at ICJ, this article doesn't have clear mentions about the companies but only 1 company is mentioned which is CAMAC which has setup 30 oil blocks in Kenya.
3. POLY-GCL is a joint venture between state-owned China POLY Group Corporation and privately owned Hong Kong-based Golden Concord. See Abdourahim Arteh, Aaron Maasho and Mark Potter, "Ethiopia and Djibouti Sign Deal to Build Gas Pipeline," *Reuters*, February 7, 2019 at https://www.reuters.com/article/ethiopia-djibouti-gas/ethiopia-and-djibouti-sign-deal-to-build-gas-pipeline-idUSL5N20C074. Accessed on November 17, 2019. See also Bekele, K., "Chinese Company Strikes Oil, Additional Gas Reserve, *Hiiran Online*, March 24, 2018 at https://www.hiiraan.com/news4/2018/Mar/157314/oil_in_ogaden.aspx. Accessed on November 17, 2019.
4. In comparison, the South Pars Field shared by Iran and Qatar in the Gulf holds over 1,800 TCF.
5. Abdourahim Arteh, "Djibouti Signs Preliminary Deal with China's POLY-GCL for $4 Billion Gas Project," *Reuters*, November 17, 2017 at https://www.reuters.com/article/china-djibouti-gas/djibouti-signs-preliminary-deal-with-chinas-poly-gcl-for-4-bln-gas-project-idUSL8N1NM2BV. Accessed on November 17, 2019.
6. Bilal Derso, "Ethiopia Foresees US $1 Billion from Gas Export," *All Africa*, April 11, 2018 at https://allafrica.com/stories/201804110872.html. Accessed on November 17, 2019.
7. Sonia Le Gouriellec, "Regional Power and Contested Hierarchy: Ethiopia, An 'Imperfect Hegemon' in the Horn of Africa," *International Affairs*, 94(5), 2018, pp. 1059-1075. See also Harry Verhoeven, "Africa's Next Hegemon: Behind Ethiopia's Power Plays," *Foreign affairs*, 12, 2015 at https://www.foreignaffairs.com/articles/ethiopia/2015-04-12/africas-next-hegemon. Accessed on November 17, 2019.
8. Brendon J. Cannon and Ash Rossiter, "Ethiopia, Berbera Port and the Shifting Balance of Power in the Horn of Africa," *Rising Powers Quarterly*, *2*(4), 2017, pp. 7-29. See also Brendon J. Cannon & Federico

Donelli, "Middle Eastern States in the Horn of Africa: Security Interactions and Power Projection," *Istituto per gli Studi di Politica Internazionale (ISPI),* 2019 at https://www.ispionline.it/it/pubblicazione/middle-eastern-states-horn-africa-security-interactions-and-power-projection-22943. Accessed on November 17, 2019.

9. Federico Donelli, "The Ankara Consensus: The Significance of Turkey's Engagement in sub-Saharan Africa," *Global Change, Peace & Security*, 30(1), 2018, pp. 57-76.
10. Ash Rossiter and Brendon J. Cannon, "Re-examining the 'Base': The Political and Security Dimensions of Turkey's Military Presence in Somalia," *Insight Turkey*, 21(1), 2019, pp. 167-188.
11. Judd Devermont (Host), *The Gulf, East Africa, and the Great Game* [Audio podcast], 2019 at https://www.csis.org/podcasts/africa/gulf-east-africa-and-great-game. Accessed on November 17, 2019.
12. David Brewster, "Base Race in the Horn of Africa," *The Interpreter,* 2018 at https://www.lowyinstitute.org/the-interpreter/base-race-horn-africa. Accessed on November 17, 2019.
13. Matina Stevis-Gridneff, "Middle East Power Struggle Plays Out on New Stage," *Wall Street Journal*, June 1, 2018 at https://www.wsj.com/articles/global-powers-race-for-position-in-horn-of-africa-1527861768. Accessed on November 17, 2019.
14. See Brendon J. Cannon and Ash Rossiter, 2017, note 8.
15. "The World Bank in Ethiopia: Overview", The World Bank at https://www.worldbank.org/en/country/ethiopia/overview. Accessed on November 17, 2019.
16. Redie Bereketeab, "The Complex Roots of the Second Eritrea-Ethiopia War: Re-examining the Causes," *African Journal of International Affairs*, 13(1-3), 2010, pp. 15-60. See also Redie Bereketeab, "The Role of the International Community in the Eritrean Refugee Crisis," *Geopolitics, History, and International Relations*, 9(1), 2017, pp. 68-82.
17. For example, Ethiopia does maintain military control throughout much of Somalia's Western and Southern regions under the aegis of the regional peacekeeping mission operated by the African Union (AU) with the approval of the United Nations, the African Union Mission in Somalia (AMISOM). It is also the guarantor of the Jubbaland Compromise Agreement whereby Ethiopia effectively plays kingmaker in the state capital of Baidoa. See Abdi Moallim, "Somalia: Jubbaland Compromise Agreement Presents Challenges, Opportunities," *All Africa,* September 3, 2013 at http://allafrica.com/stories/201309040146.html. Accessed on November 17, 2019. See also Jamal Osman, "Ethiopia Must Let Somalia Determine Its Own Fate," TRT World, September 27, 2017 at https://www.trtworld.com/opinion/ethiopia-must-let-somalia-determine-its-own-fate-10633. Accessed on November 17, 2019.

18. See Ash Rossiter and Brendon J. Cannon, 2019, note 10, pp. 279-280. See also Markus Virgil Hoehne, "Against the Grain: Somaliland's Secession from Somalia," (in eds.) Lotje de Vries, Pierre Englebert and Mareike Schomerus, *Secessionism in African Politics,* Springer, 2018, pp. 229-26.
19. See Walter Sheldon Clarke, *Learning from Somalia: The Lessons of Armed Humanitarian Intervention,* Routledge, 2018. For issues related to security sector reform by external state actors and the UN see Alice Hills, "Security Sector or Security Arena? The Evidence from Somalia," *International Peacekeeping*, 21(2), 2014, pp. 165-180.
20. Abdulkadir Wahab Aman and Zeynep Kaplan, "The Distribution and Determinants of Turkey's FDI Positions in Africa," *Turkish Economic Review*, 4(4), 2017, pp. 400-413.
21. Brendon J. Cannon and Federico Donelli, 2019, "Asymmetric Alliances and High Polarity: Evaluating Regional Security Complexes in the Middle East and Horn of Africa," *Third World Quarterly*, 1-20. https://doi.org/10.1080/01436597.2019.1693255.
22. Lamarque's analysis of the power distribution and competing interests at the port is particularly enlightening. Hugh Lamarque, "Profitable Inefficiency: The Politics of Port Infrastructure in Mombasa, Kenya," *The Journal of Modern African Studies*, 57(1), 2019, pp. 85-109.
23. Importantly, JPC and Nippon Koei are not shareholders in the port. Nor do they have concessionary agreements with Kenya as the UAE does in Berbera and Turkey does in Mogadishu. In the case of JPC, it has been working in Mombasa since 2006 to this end, and the port expansion has now been extended to five phases, thus leading to work for potentially the next 40 years. Brendon J. Cannon, "Grand Strategies in Contested Zones: Japan's Indo-Pacific, China's BRI and Eastern Africa," *Rising Powers Quarterly*, 3(2), 2018, pp. 195-221 and 204.
24. Gitonga Marete, "East Africa Ports in Fresh Push to Attract Shipping Lines," *The East African*, January 15, 2018 at https://www.theeastafrican.co.ke/business/East-Africa-ports-in-fresh-push-to-attract-shipping-lines-/2560-4264662-136hv57z/index.html. See also Brendon J. Cannon, "Inland Container Depots and the Future of Handling East Africa's Cargo," *The Kenya Engineer*, January 18, 2018 at https://www.kenyaengineer.co.ke/inland-container-depots-future-handling-east-africas-cargo/.
25. Brendon J. Cannon, "Is China Undermining Its Own Success in Africa?" *The Diplomat*, February 9, 2019 at https://thediplomat.com/2019/02/is-china-undermining-its-own-success-in-africa/. Accessed on November 17, 2019.
26. Joseph Onjala, "China's Development Loans and the Threat of Debt Crisis in Kenya," *Development Policy Review*, *36*, 2018, pp. 710-728. See also Anzetse Were, "Debt Trap? Chinese Loans and Africa's Development

Options," *South African Institute of International Affairs (SAIIA): Policy Insights* 66, 2018, pp. 1-13.

27. Japan's "string of pearls" counters China's string: The String of Pearls is a geopolitical theory on potential Chinese intentions in the Indian Ocean region. It refers to the network of Chinese military and commercial facilities and relationships along its sea lines of communication, which extend from the Chinese mainland to Port Sudan in the Horn of Africa. Chris Devonshire-Ellis, "*China's New Economic Silk Road: The Great Eurasian Game and the String of Pearls"*, Hong Kong: Asia Briefing Ltd, 2015.
28. David Brewster, "Japan's Plans to Build a 'Free and Open' Indian Ocean," *The Lowy Interpreter*, May 29, 2018 at https://www.lowyinstitute.org/the-interpreter/japan-plans-build-free-and-open-indian-ocean. Accessed November 17, 2019. Other ports include Mumbai, Toamasina in Madagascar, Yangon in Myanmar.
29. The Kenyan Government, including President Uhuru Kenyatta has strenuously denied these reports, promising to produce the relevant documents. However, these have not been furnished, to date. George Omondi, "Mombasa Port at Risk as Audit Finds It Was Used to Secure SGR Loan," *The East African*, December 20, 2018 at https://www.theeastafrican.co.ke/business/Mombasa-port-SGR-loan-default-Chinsa/2560-4903360-clh5nn/index.html. Accessed on November 17, 2019.
30. Natalie Klein, "A String of Fake Pearls? The Question of Chinese Port Access in the Indian Ocean," *The Diplomat*, October 25, 2018 at https://thediplomat.com/2018/10/a-string-of-fake-pearls-the-question-of-chinese-port-access-in-the-indian-ocean/. Accessed on November 17, 2019.
31. Brendon J. Cannon, "Grand Strategies in Contested Zones: Japan's Indo-Pacific, China's BRI and Eastern Africa," *Rising Powers Quarterly*, 3(2), 2018, pp. 195-221.
32. For example, the UAE's engagement with the regime of Isaias Afwerki in Eritrea over the Hanish archipelago and Assab meant it was one of the few states with leverage in Asmara. The contract for Berbera port and related military base gave the UAE a presence on both sides of the Bab el-Mandeb Strait and simultaneously strengthened its relationship with both Somaliland and Ethiopia. In the case of Somaliland, Hargeisa viewed the deal between itself and DP World, along with Ethiopia, as a step towards international recognition and therefore independence from Mogadishu. Ethiopia required another port for exports and imports besides Djibouti, which had acted as something of a stranglehold on the landlocked country. See Brendon J. Cannon and Ash Rossiter, 2017, note 8.

33. Global Commerce and the Sea Lines of Communication in the Indian Ocean: A Sri Lankan Perspective

Rohan Masakorala

What is global-scale commerce? A student from the University of Kerala on the internet described it simply as:

> "*Commerce on a global scale. You do have stores nearby your home, which supply to the needs of customers who are local or within the vicinity of the store. In global commerce, you cater to the needs of the world, where your products or services are required*"

Global commerce (trade between nations) will be a key pillar in the growth of all economies. Just as, seaborne transportation which accounts for nearly 90 per cent of global trade will be one of the most important elements of the future and it will connect markets and products to sustain international GDP growth.

SLOC is a term that describes the primary maritime routes between ports, used for trade, logistics and naval forces. The growth of global commerce depends on how best international trade connects to such SLOCs. It is a vital strategic interest for all nations to secure efficient and uninterrupted sea lanes to expand trade and global commerce in this century where more and more people are getting connected to the international supply chains via technology.

This paper highlights and gives a snapshot of global commerce and how it would impact the global shipping industry and sea lanes of transportation. Forecasts up to 2050 are taken into consideration

which is based on studies done by international agencies. The paper considers macro-level growth forecasts based on population growth, economic growth, consumption forecast, and energy demands rise of the world. This paper also expands its scope to the importance of seaports of Sri Lanka to global commerce. These are fundamental areas of growth that will impact on all areas of global commerce and impact the transportation industry. The seaborne transportation will be a crucial link between trade, markets and commerce as of today, but by 2050 the geographical regions that expand trade faster are along with the Indian ocean countries and its sea lanes will be crucial for supply chains to many countries of the Indian ocean.

Derived demand for energy, food, raw materials, semi-finished and finished merchandise along with coastal passenger shipping is bound to increase many folds over the next three decades in line with economic and population growth of the world. As such seaborne transportation and SLOCs are vital and strategic interest to sustainable supply chains. Effective supply chains provide competitive logistics for countries to be a party to international trade. Securing such sea-lanes and strategic distribution nodes are important to all countries to ensure domestic and international economic growth without hindrance. In this scenario, the Indian Ocean is identified as a key player for maritime activities and transportation.

The World Population Growth

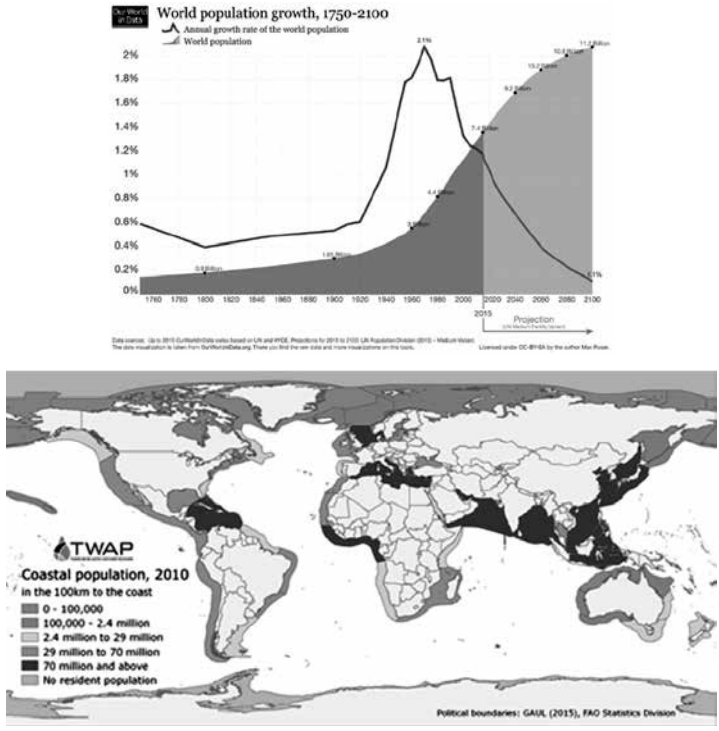
The population on planet earth has crossed 7.6 billion and is on the move towards 9.2-9.9 billion within the next three decades. Simply this means governments and nations across the planet will have to continue to find mechanisms to grow and sustain economies to manage the demand growth for consumption and to maintain or improve sustainable lifestyles, whilst at the same time responsibly managing the limited resources of the planet.

Whilst the population growth percentage will decline (Figure 33.1) the real number of population will increase up to 2050 before it starts stabilising. The important factor to note is that due to increased technology and information with greater education, the poverty levels across the world will keep on decreasing and a

massive increase of middle-class consumption is going to create demand for resources which will drive upward pressure on energy and food production, whilst the world will have to manage the very serious climate changes which will have new challenges for sources such as drinking water and water for agriculture.

The coastal population in the Indian subcontinent is forecasted to be increased rapidly along with rest of Asia and the infrastructure for ports and logistics will be a key requirement for all coastal states to sustain the commerce growth and support economic expansion. It is vital that governments continuously study and plan for the demographic shifts that are happening due to urbanisation of the coasts which connects to international and national maritime routes and gateways.

Figure 33.1: UN Population Distribution and Political Boundaries



Source: GAUL (2015) FAO Statistics Division.

The World GDP Growth and Economic Expansion

The global economy is estimated to be 80 trillion dollars' worth as in 2017 and the US is leading with China at the second place. By 2050 it is projected that this order is going to change, and the world economy will be nearly $200 trillion with an estimated 130 per cent growth in a period of three decades. The consequences and opportunities of this phenomenal growth are huge for ocean transportation, certainly, sea lanes are going to be more important and vital to sustaining such demand and growth.

A PWC report on the global growth projections for 2050 for 32 of the largest economies in the world, accounting for around 85 per cent of world GDP point out the following:

It predicts that China will account for 20 per cent of the world economy, with India at 15 per cent and the US at 12 per cent. That's a big change from 2016 when the US was leading by a big margin – see Figure 33.2.

Figure 33.2: Comparison of World Economic Share in 2016 and 2050

World Economy Share in 2016 (per cent)	World Economy Share In 2050 (per cent)
USA 24.32	China 20
China14.84	India 15
India 2.83	USA 12

Source: PWC Report, https://www.pwc.com/gx/en/issues/economy/the-world-in-2050.html.

Accordingly,

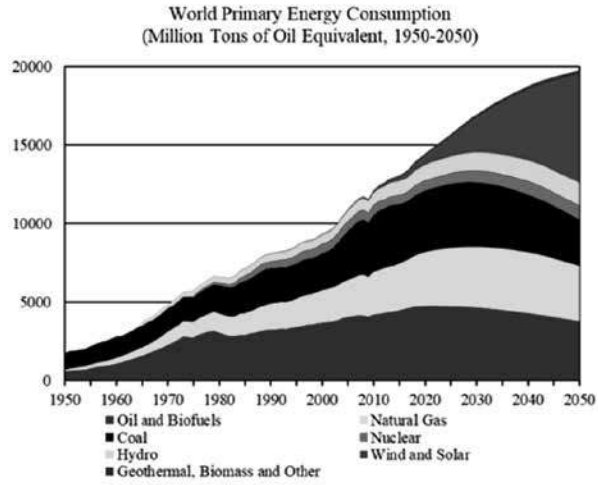
- The world economy could more than double in size by 2050, far outstripping population growth, due to continued technology-driven productivity improvements.
- Emerging markets (E7) could grow around twice as fast as advanced economies (G7) on average.
- As a result, six of the seven largest economies in the world are projected to be emerging economies in 2050 led by China (1st), India (2nd) and Indonesia (4th).

- The US could be down to third place in the global GDP rankings while the EU27's share of world GDP could fall below 10 per cent by 2050.
- The UK could be down to 10th place by 2050, France out of the top 10 and Italy out of the top 20 as they are overtaken by faster-growing emerging economies like Mexico, Turkey and Vietnam, respectively.
- But emerging economies need to enhance their institutions and their infrastructure significantly if they are to realise their long-term growth potential.

Growth of Energy

It is estimated that the current consumption of primary energy from 13.5 million tonnes today will increase to 20 million tonnes by 2050. According to BP's Statistical Review of World Energy, world primary energy consumption reached 13.5 (Figure 33.3) 11 million tonnes of oil equivalent in 2017 (BP 2018). Between 2007 and 2017, world primary energy consumption grew at an average annual rate of 1.5 per cent. The report further identifies the following as of 2017.

Figure 33.3: World Primary Energy Consumption



Source: British petroleum report 2018 https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2018-full-report.pdf

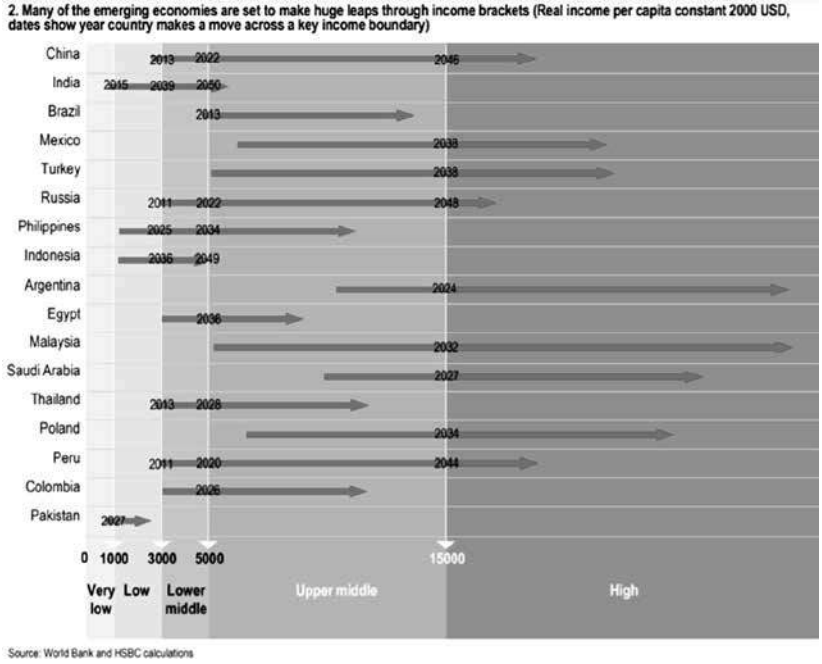
- World oil consumption (including biofuels) was 4,622 million tons of oil equivalent in 2017, accounting for 34 per cent of the world primary energy consumption (BP revised the measurement of oil consumption in 2018).
- World natural gas consumption was 3,156 million tons of oil equivalent in 2017, accounting for 23 per cent of the world primary energy consumption (BP revised the measurement of natural gas consumption in 2018).
- World coal consumption was 3,731 million tons of oil equivalent in 2017, accounting for 28 per cent of the world primary energy consumption.
- World consumption of nuclear electricity was 596 million tons of oil equivalent in 2017, accounting for 4.4 per cent of the world primary energy consumption.
- World consumption of hydroelectricity was 919 million tonnes of oil equivalent in 2017, accounting for 6.8 per cent of the world primary energy consumption.
- World consumption of wind and solar electricity was 354 million tons of oil equivalent in 2017, accounting for 2.6 per cent of the world primary energy consumption.
- World consumption of geothermal, biomass and other renewable electricity was 133 million tons of oil equivalent in 2017, accounting for 1.0 per cent of the world primary energy consumption.

Growth for Consumption

Consumption is a key pillar of global commerce and transportation growth, Global food consumption alone is projected to grow at an average rate of 1.72 per cent per year between 2009 and 2050, more than doubling food demand (up to 102 per cent) by 2050.

According to an HSBC report published in 2012 (Figure 33.4), a global consumer revolution is in the offing – and it will be driven by an unprecedented expansion of the world's middle class. Almost 3bn people – more than 40 per cent of today's population – will join the middle classes by 2050 and these entrants are to be found almost exclusively in today's emerging markets. Hence, it is projected that emerging market consumption could make up almost two-thirds of

Figure 33.4: Emerging Economies Making Leaps through Income Brackets



Source: HSBC Report 2012.

global consumption in 2050, compared to around one-third today. In many parts of the emerging world, workers are becoming increasingly well equipped with new technology, machinery and skills. As a result, productivity and real incomes are rising and will continue to do so. As income grows, food and other basics stop consuming most of the monthly salary and there is more money for the 'fun' things in life or more disposable power to consume products and services.

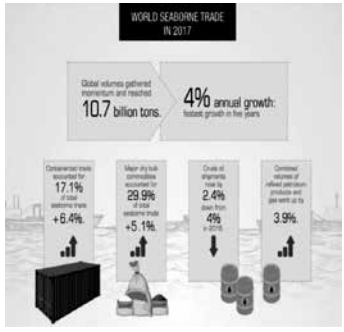
Importance of Sea Routes

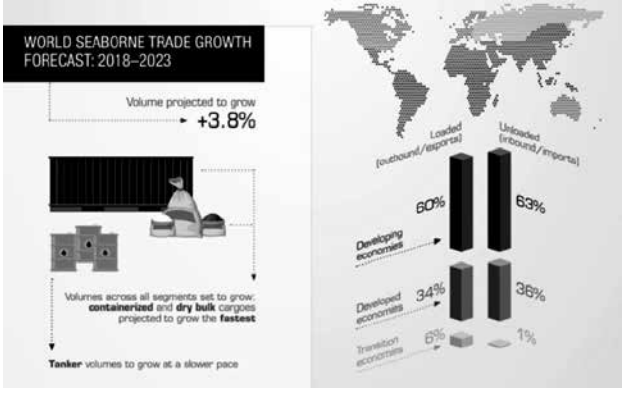
Maritime routes are points of passage, which connects strategic locations that act as corridors for global trade. Indian Ocean trade has been a key factor in East-West exchanges throughout history. The sea lanes in the Indian Ocean are considered among the most strategically important in the world – according to the Journal of the Indian Ocean Region, more than 80 per cent of the world's seaborne trade in oil,

transits through the Indian Ocean choke points, with 40 per cent passing through the Strait of Hormuz, 35 per cent through the Strait of Malacca and 8 per cent through the Bab el-Mandab Strait.

According to UNCTAD, global seaborne trade is doing well, supported by the 2017 upswing in the world economy. Expanding at 4 per cent, the fastest growth in five years, global maritime trade gathered momentum and raised sentiment in the shipping industry. Total volumes reached 10.7 billion tonnes, reflecting an additional 411 million tonnes, nearly half of which were made of dry bulk commodities, see Figure 30.5.

Figure 33.5: World Seaborne Trade in 2017 and its growth forecast for 2018-23.





Source: UNCTAD (United Nations Conference on Trade and Development) maritime and trade 2017 at https://unctad.org/en/PublicationsLibrary/rmt2017_en.pdf.

Some of the key findings of the International Transport Forum Transport Outlook 2015 at the OECD headquarters in Paris, France were:

> The North Pacific route will surpass the North Atlantic as the world's most busy trading corridor in terms of freight volume (in tone-km), growing 100 percentage points faster than the North Atlantic. The Indian Ocean corridor will see large growth, with freight volume quadrupling.

Intra-African (+715 per cent) and intra-Asian (+403 per cent) freight volumes will see particularly strong growth to 2050. Road transport will dominate here due to lack of other modes.

The share of domestic transport of international freight flows, identified here for the first time, accounts for 10 per cent of trade-related international freight.

The Region, Maritime Connectivity – Connecting the Future in the Indian Ocean

The Indian Ocean is spreading out from Jordan in the west and extending to the east connecting the island continent of Australia. Among other continents that the Indian Ocean connects are Asia, Africa and the middle-east through major ocean corridors. The importance of the Indian Ocean has been written by many scholars as it has historically been one major ocean highway that connected trade to the rest of the world with far-east and beyond.

Geographically if one studies the global map, it is not a surprise why Sri Lanka is identified as a very strategic location. Indeed, its unique selling proposition is its positioning as the centre of the Indian Ocean and at the southern tip of the island is the mega east-west ocean highway for global maritime traffic. Given this nature's gift, the island has the potential of being the next big global destination to emerge as a major logistics and a distribution hub in the 21st-century global economic map. In this context, the ports that are in the north, south, east and west of the country can serve a variety of maritime traffic requirements whilst connecting continents and other

major regional hubs for efficient movement of commerce. The global shipping industry as it evolves will look for efficient connectivity options to reach cargo and have better, faster distribution options to cater to the demands of the new markets. Among them, China's BRI project has an ambitious ports connectivity linking the sea routes, and Sri Lanka has been identified as a key node for development of facilities and ports to service the shipping links which will support energy and bulk cargo movements in the Indian ocean. Similarly, the Bay of Bengal region of the Indian Ocean has new opportunities emerging and the port of Trincomalee has been identified to be a connecting node for the sea lanes of the bay. Port of Colombo will expand its trans-shipment activities giving access to more and increasing feeder and mainline demands for containerised cargo and passenger and cruise vessels.

Geographically if one studies the global map, it is not a surprise why Sri Lanka is identified as a very strategic located country. Indeed, its unique selling proposition is its positioning at the centre of the Indian Ocean and at the southern tip of the island is the mega east-west ocean highway for global maritime traffic. Given this nature's gift, the island has the potential of being the next big global destination to emerge as a major logistics and a distribution hub in the 21st-century global economic map. In this context, the ports that are in the north, south, east and west of the country can serve a variety of maritime traffic requirements whilst connecting continents and other major regional hubs for efficient movement of commerce.

The Indian subcontinent has around twenty major ports including the ports of East Asian national borders of the Bay of Bengal region, in addition, there are close to two hundred (200) minor ports servicing trawlers and other smaller ocean crafts mainly servicing the fisheries communities. The draught of most ports is 6 meters to 10, whilst some have up to 14 meters, and four to six ports have the capability to handle deep draught vessels catering up to 18 meters. The major ocean traffic is concentrated on the east-west shipping route and the western Indian coast, whilst Colombo is the main transhipment port for containerised cargo.

The rise of Asia has been a topic of much deliberation over the past few decades. It is now that the presence of this rise is felt stronger than ever not only within the region but also worldwide. It is in this context that the connectivity comes into play as strategic economic corridors for trade, transport and security are playing an important role with key port connectivity.

Maritime trade and maritime connectivity have been one of the oldest forms of cross-cultural and cross-civilisational interaction. It is important to understand and study the future trade, economic activity, development agendas of countries around the Indian Ocean and the interest of global powers, to ensure reliable, uninterrupted and safe movement of people, goods, energy and resource supplies throughout the Indian Ocean and the rest of the world.

On the other hand, China's OBOR project has got major traction among international players as it connects sixty-five countries through ocean and road, where the Indian Ocean and the Bay of Bengal have specific connectivity to this project. Ensuring trade and connectivity is important but it is pragmatic that such connections should be ensured through a peaceful and an agreed ruled based navigating of the ocean.

Attracting the Global Shipping Industry to Ports

The core of a shipping hub and a spoke or headquarter operations is created by the business owners and operator's presence in a country, for example, Singapore, Dubai and India have all its global operators regional head offices who are the final decision-makers of investing and converting the location into a trade hub. This model is clearly visible on the Singapore model, which is depicted in the below chart. The fact remains the international investment decision comes from the investor of the ship. The presence of such mega-companies will create the vertical and horizontal growth of the sector and the multiplier effect to the country is automatic. Singapore became a financial city because of its strength in the maritime and logistics industry at its inception.

A commercial shipowner or a ship operator looks at few but key components when deciding to call a port, the unit cost per ton/ box

of cargo and the maximum freight recovery of a full voyage per ton/box is vital and the ease of doing business plays another important aspect.

Then comes the other considerations, which includes

- Catchment area and its location for strategic positioning of voyages and route planning,
- Volumes & Traffic generated,
- Energy availability at a competitive cost,
- Diverting time from shipping lanes and access to markets,
- Port infrastructure and turnaround time/productivity.

In this context, South Asia still lags global mega maritime hubs, except for Port of Colombo that has established to be a transhipment hub for containerised cargo due to location and feeder connectivity. Containerised cargo is just one segment of the global shipping industry, which accounts for 40 per cent merchandise traded, but rest of the shipping industry and types of ships that carry cargo are much greater and bigger in volumes. Sri Lanka is now developing two other deep ports in the south and the east to attract non-containerised cargo and related shipping services to make the island a full-scale maritime centre in the Indian Ocean.

Importance of Sea Routes

Maritime routes are points of passage, which connects strategic locations that act as corridors for global trade. Indian Ocean Trade has been a key factor in East-West exchanges throughout history. The sea lanes in the Indian Ocean are considered among the most strategically important in the world – according to the Journal of Commerce, the IOR, account more than 80 per cent of the world's seaborne trade in oil, transits through Indian Ocean choke points, with 40 per cent passing through the Strait of Hormuz, 35 per cent through the Strait of Malacca and 8 per cent through the Bab el-Mandab Strait.

According to UNCTAD, global seaborne trade is doing well, supported by the 2017 upswing in the world economy. Expanding at 4 per cent, the fastest growth in five years, global maritime trade

gathered momentum and raised sentiment in the shipping industry. Total volumes reached 10.7 billion tonnes, reflecting an additional 411 million tonnes, nearly half of which were made of dry bulk commodities.

Connecting and Connectivity for What?

People and communities connect for numerous reasons, it's important to understand these economic and geographical reasons where activities are connected due to the expansion of transport networks of countries over a period. It is important to identify the fundamentals for this reason. Key areas can be identified for future growth connectivity.

Oceans are a major resource for coastal communities and countries use maritime borders for development. Fisheries is a key component and helps in economic growth, sustainable development and also in expanding markets. The Bay of Bengal region has a strong fisheries community where thousands of fisheries villages are dependent on the ocean for livelihood and produce for export and domestic consumption. As economic prosperity increases and the demand for food keeps climbing with the population growth, it is prudent that connectivity between harbours and ports linked with fisheries community and processing communities develop more export-based cold supply chains. Therefore, the maritime connectivity through coastal shipping activity and cold storage are essential development projects in order to connect large and small ports in the Bay of Bengal region. Therefore, large ports such as Trincomalee and small ports such as KKS have potential in Sri Lanka to service the needs of the fisheries industry and to formalise general trade that is happening in a minor and an unorganised manner among various coastal communities. The region needs to connect better for global access through maritime networks.

International trade surrounds many factors and energy is a key component that will continue to be needed for the economic development of all nations over the decades to come. The current economic growth of Indian Ocean countries calls for increased demand for energy resources, be it petroleum or new forms of

energy such as LNG, LPG. Port connectivity for such energy sourcing, transportation and storage would be vital economic links for the countries around the Indian Ocean. Therefore, specialised transport nodes would be required for raw materials and finished products of energy to be connected among countries and for supply chain through international shipping routes. Currently, there are no strategic locations for energy management of South Asia although demand and the population are on the rise. It would be a key factor for players in the region to develop infrastructure for strategic handling and distribution of energy through properly managed shipping and storage requirements. In this sense, the Port of Trincomalee in Sri Lanka has historically identified as a location that can be transformed into an energy hub for the Bay of Bengal region. Oil/LNG tank storage can be expanded as the regional capacity for such infrastructure needs upgrading. In addition, many international players seem to be looking at harnessing the energy resources in this part of the world and looking for supply chain security options for land-based nations and economic corridors of the larger nations such as India and China.

The ocean transportation can be broadly divided into few sectors, breakbulk, dry bulk, liquid bulk, Ro/Ro, energy, containerised and passenger.

The passenger transportation of the South Asia region remains almost nothing now but the potential to grow is huge. The containerised cargo in South Asia's Bay of Bengal region along with for general commodities and bulk commodities is growing but remains a lower volume compared to the Arabian Sea. As a result, transhipment via Sri Lanka, Singapore and Malaysia is the preferred option by the shipping companies for containerised cargo. However, it must be noted that the shipping industry will certainly keep on increasing the transhipment feeder vessel size, as the mother ships are getting larger. Therefore, port infrastructure in the coastal belt of South Asia needs expansion to cater for this demand over the next decade to avoid delays and congestion for the future.

India's Sagaramala Project and Coastal Countries Connecting to the Bay

Over the coming decade, the demand for energy and bulk shipping in the region will also see a considerable volume increase because of rapid economic growth among all the nations. India's development of the economic corridors along its east coast, expansion of port infrastructure under India's Sagaramala Project and opening its coastal shipping industry is bound the change the connectivity landscape along the sea belt of the Bay. It will be an important development as some of the cabotage laws are being relaxed. India-Bangladesh coastal shipping agreement has already seen economic activity increasing among the two nations.

Bangladesh is increasingly strategically important for the economies of north-east India, Nepal and Bhutan. Bangladeshi seaports can provide competitive maritime access for these landlocked regions/countries. China also views Bangladesh as a potential gateway for its landlocked south-west, including Tibet, Sichuan and Yunnan provinces. The progress within the Bangladesh-China-India-Myanmar Economic Corridor and many other connectivity nodes and growth centres should also merit consideration for greater connectivity.

The passenger transportation industry through coastal shipping is a promising economic opportunity. For decades governments have ignored this factor, but as a strong middle-income group is emerging in many of the coastal states ferry and small passenger ships will have a greater opportunity to link the South Asian and ASEAN region for this segment of the market. This could even connect river ports to the hinterland through low draught ferry services. This connectivity will help small businesses, passengers on pilgrimages, regional tourism and in the long run some ports such as Trincomalee in Sri Lanka will be able to attract regional cruise line players to develop it as turnaround destination.

As the global population increase and new sophisticated technologies are developed it is evident and it is a matter of time that the ocean resources will be further tapped for the usage of mankind. In this sense, it is a well-known fact is that the biggest Bay in the world which has a rich base of minerals bordering almost

all countries will attract new maritime investments. The activity to harness such resources, store, value adds and transport is going to be the requirement for investors and nations and proper and secure connectivity will be needed from coastal states that surround the bay. This calls for major port facilities and infrastructure investment both offshore and within the ports of many of countries in the Bay region and currently what is available seems not enough to even cater for the demand in the basic shipping sector in some ports.

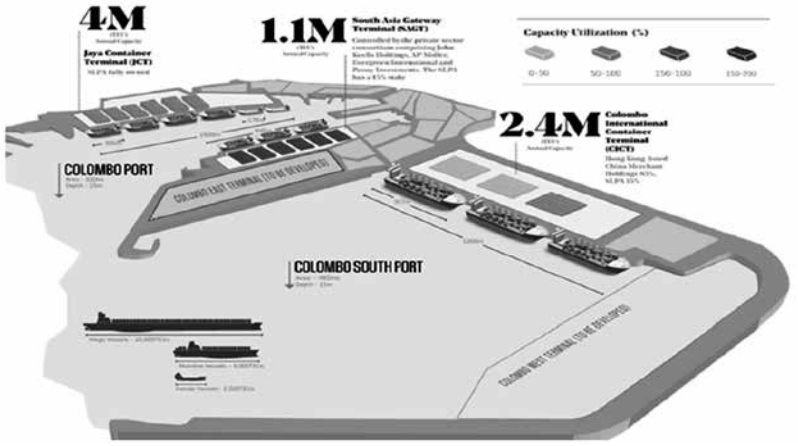
As the region expands trade and business activity, the importance of security in this part of the Indian Ocean must ensure to have an ocean of peace for international trade to take place and to ensure supply chain security. This will require new infrastructure for coast guards and navies to ensure border control plus secure connectivity for both cargo and passenger service that will emerge. A regional coastal support services centre can be provided in a natural harbour such as Trincomalee, which is closer to the main East-West shipping route than any other major port in the Bay.

Sri Lankan Ports: The Changing Landscape and Impact on Port Dynamics within the Country and Deep-sea Terminals and Trans-shipment

Passengers, resources, cargo movement, all these need an economic sense for transport companies to take them from one destination to another. Volumes, distance, time and infrastructure matter when shipping options are looked at to connect trade and people. Therefore, one of the most efficient ways of providing such services is through achieving economies of scale. The concept of transhipment and logistics hubs come into play due to this fundamental factor. Therefore, the creation of transport nodes to multiple ports and harbours is strategically important. One of the fundamental factors a ship owner/operator decides when route planning is the location of a port from the main shipping artery. As vessel diversion time costs both money and time, it may seriously impact on the operating cost of a ship. In the current global container shipping industry, which accounts for about forty merchandises that use the hub and spoke model under a fix liner schedule, which allows mother vessels to call

at selected ports around the world and connect cargo at transhipment locations via smaller feeder vessels. It is only the tanker/ bulk and other types of ships that make direct sailings on charter voyages.

Figure 33.6: Colombo Port Expansion Project



Source: Sri Lanka Ports Authority at https://www.slpa.lk/port-colombo/terminals.

Port development is viewed as a key step towards achieving Sri Lanka's dream of becoming the maritime and logistics hub for the South Asian Region. The governments focus on the sector as well geopolitics in the region has resulted in the three major ports for the country; Colombo, Trincomalee and Hambantota which are attracting considerable investments particularly from India, China, Japan and more recently Singapore.

The ongoing Colombo Port Expansion Project (Figure 33.6) will add two new deep-water container terminals (East and West Terminals) to the existing four container terminals at the Port of Colombo increasing capacity to 12 million TEUs over the medium term. Modernisation of the older Jaya terminal is also underway which will involve extending the quay length by 120 metres and procurement of three ship-to-shore gantry cranes that would enable the terminal to handle simultaneously two 330-metre length ships. The development of deep-water capacity and efficiency in Port

of Colombo is vitally necessary to stay competitive particularly considering that India is increasingly looking at developing their own deep-water ports and also since mega-ships are increasingly becoming the norm in international maritime trade on trunk routes.

With the addition of Colombo International Container Terminals, the 2.4-million-TEU deep-sea terminal, the Port of Colombo is now the only deep-water terminal in South Asia equipped with facilities to handle mega-ships. This is giving the port the unique advantage of being able to handle the increasing number of mega-ships that are travelling the route.

Of the countries that border the Bay of Bengal, the main maritime countries are India, Sri Lanka and Bangladesh. 95 per cent of India's global trade is conducted via ocean out of which the Port of Colombo accounts for almost 20 per cent of Indian container trade volumes moving as transhipments. This accounts for approximately 70 per cent of the Colombo Ports transhipment volume. The lack of direct shipping services between India, Pakistan and Bangladesh has also resulted in Colombo being used as a hub port for much of the intra-SAARC trade as well.

While India's investments in deep water ports such as Navsheva, the port of Vizhinjam in Kerala could potentially result in some reduction in transhipment volumes to Colombo from India in the short term, Colombo's geo proximity to the main Asia-EU marine route and initiatives such as China's OBOR is likely to drive transhipment volumes in the medium to long term. At present, China is Africa's largest trading partner with annual trade totalling $2 billion and likely to grow significantly because of China's investments in Africa.

The Trincomalee port, (figure 33.7) which lies on the eastern coast of the country has a basin depth of 30meters and is the second-deepest natural port in the world. The harbour includes 1600 hectares of Sea mass and 2000 hectares of landmass which is almost 10 times the area the Colombo Port has.

In 2017, the port handled 233 ships and 4 million tonnes of cargo movement which accounts for approximately 4 per cent of the entire Sri Lanka tonnage. Currently, the port handles mainly

breakbulk and liquid cargo and is mainly used by Holcim for Clinker and Gypsum, the Indian Oil Corporation for petroleum products and Prima for Flour transportation. Container traffic is limited mainly due to the facts such as Colombo attracting most of the current container volumes and the Trincomalee port's lack of required infrastructure to attract containerised ships.

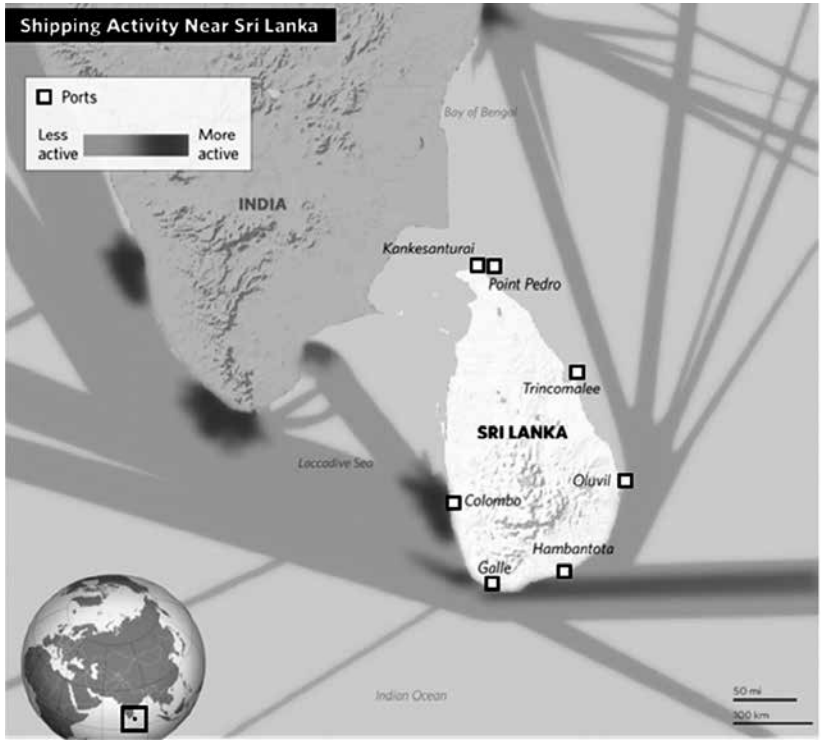
Emergence of Hambantota Port

The Hambantota Port is located on the southern tip of Sri Lanka within 10 nautical miles from the world's busiest maritime lanes; between the Malacca Straits and the Suez Canal linking Asia and Europe. It is ideally located at the intersection of the major international shipping routes. Approximately 200 to 300 ships are said to sail through this route daily. Hambantota Port is strategically positioned in terms of domestic trade perspectives also. While it can serve the southern half of the country, it is directly linked with the Central and Eastern Provinces through roadway connections.

Once completed, the Hambantota Port will occupy an area of 1,815 hectares and, according to the Master Plan, it will have the capacity to accommodate 33 vessels at a time. Once it is fully operational, it will be the world's largest port, built on land, and will be able to handle very large container carrier containerships.

Despite the Hambantota Port's superior geographical positioning in terms of proximity to the main East-West trading route, Colombo Port continues to dominate the three ports in terms of ability to attract ships at present. The Colombo Port's competitive advantage compared to Hambantota, however, lies mainly on its established reputation; while Hambantota's dismal performance could be attributed mainly to the facts such as time lag of the development and the lack of an initially established master, marketing and a financial strategy.

Figure 33.7: Shipping activity in Sri Lanka



Source: Colombo international maritime conference.

The Future of Colombo Vs Hambantota

Although the Colombo Port has traditionally been the dominant port in the country, the take-over of the Hambantota port by China for a period of 99 years could potentially change the status quo where Colombo has enjoyed its position as the dominant port in Sri Lanka.

Although the Hambantota Port was initiated with the view of developing it as an industrial and a RORO port rather than a transhipment hub, there are several factors that could potentially result in Hambantota overtaking the Colombo port as a major transhipment hub in the long term. This included that fact that Hambantota will be more energy competitive port which is nearly 40 per cent of the ships' operating cost.

Hambantota is closer than Colombo to the world's busiest shipping route between the Malacca Straits and the Suez Canal. The Hambantota Port is only 10 nautical miles from the shipping route while the Colombo port is in an average six hours diversion time. As a result, the time saving for a ship calling to Hambantota as opposed to the Colombo port is 3 hours one-way.

Secondly, it is likely that with China, one of the largest port operators and a ship operator in the world operating the port of Hambantota, the port will be equipped with the latest technology thereby enabling them to enjoy gains from efficiency as well as economies of scale. This has the potential to drive down costs compared to Colombo. The port has a deep draught of 17meters which can accommodate very large container carrier triple E class vessels, which need 16 meters of draught at birth.

Thirdly the proposed 6000-acre industrial zone in Hambantota funded by China as part of its OBOR initiative could result in an increase in domestic inbound and outbound cargo which could, in turn, result in increased demand for port capacity in Hambantota.

While Hambantota and Colombo could potentially start competing for transhipment hub status from mainly containerised cargo, there is a growing interest in developing the Trincomalee port to cater mainly for liquid, breakbulk and possibly gas. Japan has shown interested in developing the Trincomalee port and developing an Industrial Development Zone in the district. India too has shown some interest however, its focus is mainly on the oil tanks in the region. Apart from the interest shown by foreign parties, the government of Sri Lanka is also increasingly looking at developing the Trincomalee as a metropolis growth centre.

Despite plans to develop the port of Trincomalee particularly through investments by Japan, India and Singapore it is unlikely that Trincomalee would be a focal point for container cargo in the short to medium term unless there is also significant infrastructure investments such as an industrial zone which can generate significant trade volumes.

A comparison of distances and time between major ports in the Bay of Bengal and Colombo versus Trincomalee reveal that there is no

significant advantage of diverting Bay of Bengal container cargo from the established Colombo Port to Trincomalee. Although comparative data is not available for connectivity between Hambantota and Bay of Bengal ports, it could be reasonably assumed based on the fundamentals of demand for maritime transportation that the time cost/energy saving from diverting Bay of Bengal container transshipments from Hambantota to Trincomalee is even less considering that Hambantota lies between Colombo and Trincomalee.

Conclusion

The SLOC in the Indian Ocean will become busier and the volumes of cargo carried are expected to quadruple by 2050. Sir Walter Raleigh, a pioneer shipping magnate once said that "Whoever commands the sea commands the trade" and Dr. Mahathir, Prime Minister of Malaysia said "No matter how information technology advances, the world trade cannot be materialised without ports. This is exactly why every country needs to develop much more advanced and efficient ports for its prosperity." The SLOC, hence, play an important role and maritime security is as important as trade to sustain growth across the world.

Better trade, better co-operation and better security will be the dialogue as we sail through the second decade of the twenty-first century along the Indian Ocean which is servicing trade as it is said it is "Asia's century" for prosperity.

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Asia between
Multipolarism and Multipolarity

This book aims to map the Asian power trajectory and the continent's contemporary journey towards greater multipolarity. This volume examines the impact of plurilateral and multilateral dialogues and cooperative mechanisms on Asia's security and economic architecture. It is based on the proceedings of the thought-provoking 20th edition of the Asian Security Conference which was held from March 26-28, 2019 at the Manohar Parrikar Institute for Defence Studies and Analyses, New Delhi.

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