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Understanding the dynamics of the Indo-Pacific: US–China strategic competition, regional actors, and beyond

KAI HE AND MINGJIANG LI*

As a geographical concept, 'Indo-Pacific' has existed for decades. As a political and strategic concept, it has gradually become established in the foreign policy lexicon of some countries, especially Australia, India, Japan and the United States since 2010. The term 'free and open Indo-Pacific' (FOIP) started to dominate the headlines after Donald Trump's repeated use of the term during his first trip to Asia as US president in late 2017. In the US National Security Strategy (NSS) issued in December 2017, the 'Indo-Pacific' was mentioned eleven times while the formerly prevalent term 'Asia–Pacific' was barely used at all.¹ In June 2018 the US Navy renamed its Pacific Command the Indo-Pacific Command. Some commentators suggest that the shift in terminology might be symbolic in nature; nevertheless, it indicates a potential extension of the US strategic vision from the Asia–Pacific to the Indo-Pacific.² In June 2019, the United States released its *Indo-Pacific strategy report*; and in the same month, ASEAN adopted an *ASEAN outlook on the Indo-Pacific* at its annual summit. As one commentator claims, the 'Asia Pacific is so last century . . . We live in the Indo Pacific'.³

* This is an introduction to the January 2020 special issue of *International Affairs* on 'Unpacking the Strategic Dynamics of the Indo Pacific', guest-edited by Kai He and Mingjiang Li. The order of the authors is alphabetical and signifies equal contribution to this project.

¹ White House, *National Security Strategy of the United States of America* (Washington DC, Dec. 2017).

² Idrees Ali, 'In symbolic nod to India, US Pacific Command changes name', Reuters, 31 May 2018, <https://www.reuters.com/article/us-usa-defense-india/in-symbolic-nod-to-india-us-pacific-command-changes-name-idUSKCN1IV2Q2>. (Unless otherwise noted at point of citation, all URLs cited in this article were accessible on 10 Oct. 2019.)

³ Melissa Conley Tyler, 'The Indo-Pacific is the new Asia', *The Interpreter*, 28 June 2019,

However, China seems to be reluctant to identify itself as part of the Indo-Pacific. So far, no Chinese official document has used the term ‘Indo-Pacific’. For example, in its latest defence white paper, released in July 2019, China continues to use ‘Asia–Pacific’ to describe its geographical region. The term ‘Asia–Pacific’ was used ten times; the term ‘Indo-Pacific’ did not appear at all.⁴ In practice, China’s economic and strategic ambitions have moved across both the Pacific and the Indian Oceans, as we can see from the extensive scope of its Belt and Road Initiative (BRI).⁵ Why, then, is China intentionally rejecting the new ‘Indo-Pacific’ concept? The answer is simple: Chinese leaders believe that the US-led Indo-Pacific strategy aims to contain China’s rise.⁶

Interestingly, unlike the Obama administration which openly denied that the US ‘pivot to Asia’ strategy was aimed at containing China, the Trump administration has no qualms about openly confronting China. In the 2017 US NSS, China was labelled a revisionist state and a strategic competitor of the United States because it was seen to challenge ‘American power, influence, and interests, attempting to erode American security and prosperity’.⁷ In the 2019 *Indo-Pacific strategy report*, China was again labelled a revisionist power, seeking to ‘reorder the region to its advantage by leveraging military modernization, influence

<https://www.lowyinstitute.org/the-interpretor/indo-pacific-new-asia>.

⁴ Lu Hui, ed., ‘China issues white paper on national defence in new era’, Xinhua, 24 July 2019, http://www.xinhuanet.com/english/2019-07/24/c_138253180.htm.

⁵ Astrid H. M. Nordin and Mikael Weissmann, ‘Will Trump make China great again? The Belt and Road Initiative and international order’, *International Affairs* 94: 2, March 2018, pp. 231–50.

⁶ For more details, see Feng Liu’s article in this special issue: ‘The recalibration of Chinese assertiveness: China’s responses to the Indo-Pacific challenge’, *International Affairs* 96: 1, Jan. 2020, pp. 000–00; Naná de Graaff and Bastiaan van Apeldoorn, ‘US–China relations and the liberal world order: contending elites, colliding visions?’, *International Affairs* 94: 1, Jan. 2018, pp. 113–32; Doug Stokes, ‘Trump, American hegemony and the future of the liberal international order’, *International Affairs* 94: 1, Jan. 2018, pp. 133–50; Christopher Layne, ‘The US–Chinese power shift and the end of Pax Americana’, *International Affairs* 94: 1, Jan. 2018, pp. 89–112; Joseph S. Nye, Jr, ‘The rise and fall of American hegemony from Wilson to Trump’, *International Affairs* 95: 1, Jan. 2019, pp. 63–80.

⁷ White House, *National Security Strategy*, p. 2.

operations, and predatory economics to coerce other nations'.⁸ Clearly, China is no longer perceived as the constructive partner for US policy-makers identified by the Obama administration.⁹ In this context, it is no surprise that many in the Chinese policy elite regard the trade war with the United States, which started in early 2018, and the US-led FOIP as twin strands in a containment effort by Washington directed against China's rise.¹⁰

While the battle between the two geographical concepts 'Indo-Pacific' and 'Asia-Pacific' may be fairly easily settled in the future, US-China strategic competition has just begun. Any unwise move might increase the risk of the two countries falling into the 'Thucydides Trap' of which Graham Allison warns, by which increasing tensions between a ruling state (here, the United States) and a rising power (China) may lead inexorably to military conflict.¹¹ Will the Indo-Pacific become a battlefield for US-China rivalry? How will China cope with the US FOIP strategy? How will other regional actors respond to the US-China strategic competition in the Indo-Pacific? What are the strategic implications of the 'Indo-Pacific' concept for regional order transformation? How will the Indo-Pacific be institutionalized, economically, politically and strategically?

This special issue of *International Affairs* aims to address those questions, using both country-specific and regional perspectives. Seven articles focus on the policy responses of major players (Australia, China, India, Indonesia, Japan and ASEAN) to the US FOIP

⁸ See US Department of Defense, *Indo-Pacific strategy report* (Washington DC, 1 June 2019).

⁹ For Obama's China policy, see White House, *National Security Strategy of the United States of America* (Washington DC, 2015), p. 24. It states that 'the United States welcomes the rise of a stable, peaceful, and prosperous China. We seek to develop a constructive relationship with China that delivers benefits for our two peoples and promotes security and prosperity in Asia and around the world'. See also Wu Xinbo, 'China in search of a liberal partnership world order', *International Affairs* 94: 5, Sept. 2018, pp. 995-1018; Xiaoyu Pu and Chengli Wang, 'Rethinking China's rise: Chinese scholars debate strategic overstretch', *International Affairs* 94: 5, Sept. 2018, pp. 1019-36.

¹⁰ For a criticism of the US FOIP strategy, see Michael Swaine, 'A counterproductive Cold War with China', *Foreign Affairs*, 2 March 2018, <https://www.foreignaffairs.com/articles/china/2018-03-02/counterproductive-cold-war-china>.

¹¹ Graham T. Allison, *Destined for war: can America and China escape Thucydides's Trap?* (Boston: Houghton Mifflin Harcourt, 2017).

strategy and related US–China rivalry in the region. A further three articles examine the profound implications of Indo-Pacific dynamics for regional institution-building and for geopolitical and geo-economic architecture.

Through an analysis of Chinese scholars' perceptions of the US FOIP strategy, Feng Liu argues that China has modified its assertive posture in foreign policy towards its neighbouring states.¹² For example, China has rebuilt its strategic relations with India and Japan and has reassured the ASEAN states that it will take a less assertive approach to the South China Sea disputes. China's combination of restraint and wedge strategies seems to have been successful in preventing regional powers from joining the US containment camp against China in the short run. However, in the long run, whether or not a new Cold War emerges in Asia still depends on wise strategic choices being made by the United States and China, as well as by other powers in the region.

Focusing on China's policy choices, Xue Gong explores ways in which China has enhanced its cooperation with the south-east Asian states in the non-traditional security (NTS) domain as a geostrategic tool to offset the negative impacts of the US FOIP strategy.¹³ Using two case-studies on China's NTS cooperation with the ASEAN states in the Lancang–Mekong region and in the maritime domain, Gong argues that China's NTS-based strategy might help prevent the south-east Asian states from joining the anti-China camp led by the United States under the FOIP. However, China's influence in south-east Asia will remain limited because the countries of the region may choose to support certain elements of the US FOIP strategy relating to the maritime security issue with regard to the South China Sea disputes in the future.

Japan was an early proponent of the 'Indo-Pacific' concept. The Japanese prime minister, Shinzo Abe, proposed his famous 'democratic security diamond', consisting of Australia, India, Japan and the United States (the members of the original 2007 Quadrilateral Security Dialogue, or 'Quad'), in 2012,¹⁴ and this concept seemed to be revived in the form of the

¹² Liu, 'The recalibration of Chinese assertiveness'.

¹³ Xue Gong, 'Non-traditional security cooperation between China and south-east Asia: implications for geopolitics in the Indo-Pacific', *International Affairs* 96: 1, Jan. 2020, pp. 000–00.

¹⁴ Shinzo Abe, 'Asia's democratic security diamond', *Project Syndicate*, 27 Dec. 2017, <https://www.project-syndicate.org/commentary/a-strategic-alliance-for-japan-and-india-by-shinzo-abe?barrier=accesspaylog>.

‘Quad 2.0’ in 2017. However, the new ‘open and free Indo-Pacific strategy’ for Japan adopted by Abe in 2016 now encompasses the economic as well as the security domain, emphasizing the economic connection between Asia and Africa, especially in the infrastructure sector. Kei Koga argues that the Japanese version of the FOIP strategy primarily aims to shape and consolidate regional order in the Indo-Pacific region on the basis of the existing rules-based international order.¹⁵ In order to achieve this goal, Japan has adopted a ‘tactical hedging’ strategy that enables it to flexibly incorporate other regional states’ preferences into its FOIP concept, thus making the concept a common vision among regional states and beyond, and creating a coalition to cope with challenges from China. However, Koga is not optimistic about the making of the Indo-Pacific regional order in the future, owing to the divergence of strategic goals among major powers, even those who share Japan’s vision of the FOIP.

India is a key player in the US FOIP strategy: first, it is seen as a natural balancer against China’s rise; second, its activism in the Indo-Pacific is mainly driven by India’s need to balance against China, as Rajesh Rajagopalan suggests.¹⁶ However, India is cautious about following the United States in making the ‘Indo-Pacific’ a purely security-based concept directed against China. For example, Prime Minister Narendra Modi emphasized in the 2017 Shangri-La Dialogue that ‘India does not see the Indo-Pacific Region as a strategy or a club of limited members. Nor as a grouping that seeks to dominate. And by no means do we consider it as directed against any country.’¹⁷ Rajagopalan explains the policy dilemma facing India in the context of China’s rise. He suggests that India’s ‘evasive balancing’ strategy, which combines the elements of balancing and reassurance, might not work because it will not please either China or the United States, nor will it achieve a stable, non-hegemonic Indo-Pacific order.

¹⁵ Kei Koga, ‘Japan’s “Indo-Pacific” question: countering China or shaping a new regional order?’, *International Affairs* 96: 1, Jan. 2020, pp. 000–00.

¹⁶ Rajesh Rajagopalan, ‘Evasive balancing: India’s unviable Indo-Pacific strategy’, *International Affairs* 96: 1, Jan. 2020, pp. 000–00.

¹⁷ Government of India, Ministry of External Affairs, ‘Prime minister’s keynote address at Shangri-La Dialogue’, 1 June 2018, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018>.

Australia, as one of the strongest and most active advocates of the Indo-Pacific concept, was the first country to use the term in official documents. In its 2013 defence white paper, the term ‘Indo-Pacific’ was used 57 times.¹⁸ Brendan Taylor suggests that Australia’s enthusiasm for the ‘Indo-Pacific’ concept is rooted in the two dominant traditions of Australia’s foreign policy: a ‘dependent ally’ tradition and a ‘middle-power’ approach.¹⁹ On the one hand, as a dependent ally of the United States, Australia follows the lead of the US FOIP strategy. On the other hand, Australia intends to take a middle-power approach or a normative leadership role to mediate Great Power competition through various institutional means. However, as Taylor points out, there is a discrepancy between what Australia says and what Australia does. Australia’s Indo-Pacific strategy, in fact, follows a third ‘pragmatic tradition’. It seems that Australia will, just like India, face the strategic dilemma of picking sides between the United States and China.

Indonesia, though originally lukewarm towards the Quad countries’ use of the term, has more recently played a leadership role in promoting the ‘Indo-Pacific’ concept in south-east Asia. Dewi Fortuna Anwar suggests that the adoption of the *ASEAN outlook on the Indo-Pacific* at the ASEAN summit in July 2019 can be seen as Indonesia’s major foreign policy victory in strengthening the centrality of ASEAN in the evolving Indo-Pacific construct.²⁰ Drawing on middle-power theory, Anwar argues that Indonesia is behaving like a ‘Kantian middle power’ in promoting a more positive outlook of the Indo-Pacific region based on cooperation rather than rivalry. This proactive foreign policy serves three purposes: to strengthen Indonesia’s unofficial leadership in ASEAN and its status as a global middle power; to entrench ASEAN centrality in regional affairs; and to offer a strategic alternative to offset Great Power rivalries, particularly that between the United States and China. Because of ASEAN’s inherent weaknesses and disagreement on key regional issues, however, it remains uncertain whether Indonesia or ASEAN as a whole has the capabilities to take up these challenges.

¹⁸ Commonwealth of Australia, *Defending Australia in the Asia–Pacific century: Force 2030* (Canberra: Department of Defence, 2009).

¹⁹ Brendan Taylor, ‘Is Australia’s Indo-Pacific strategy an illusion?’, *International Affairs* 96: 1, Jan. 2020, pp. 000–00.

²⁰ Dewi Fortuna Anwar, ‘Indonesia and the *ASEAN outlook on the Indo-Pacific*: promoting ASEAN as the fulcrum of Indo-Pacific cooperation’, *International Affairs* 96: 1, Jan. 2020, pp. 000–00.

ASEAN, an intergovernmental organization consisting of ten small and middle powers, has been a major player in the Asia–Pacific regional architecture since the end of the Cold War. ASEAN has led almost all the main regional institutions, including the ASEAN Regional Forum, the ASEAN Plus Three and the East Asia Summit, during the years when both the United States and China embraced ASEAN’s centrality in regional affairs. See Seng Tan argues that Trump’s FOIP strategy has now put pressure on ASEAN states to pick sides between the United States and China.²¹ The escalating Great Power rivalry between Washington and Beijing has also undermined the central role of ASEAN in the regional architecture built on Great Power consensus and cooperation in the post-Cold War era. Consequently, the ASEAN states, as a whole, have adopted a hedging strategy in order to manoeuvre between the United States and China by enhancing practical bilateral collaboration with China and with the United States respectively. As Tan points out, through this ‘ASEAN plus one’ arrangement, ASEAN has sought to redefine its regional centrality as well as to indirectly limit the negative impact of the FOIP strategy on multilateralism. Clearly, the US FOIP strategy has been a tough test for all regional actors. China has modified its assertive policies towards its neighbours in order to prevent the establishment of an anti-China containment camp led by the United States in the Indo-Pacific. Other major powers, such as Australia, India, Indonesia, Japan and the ten ASEAN member states as a whole, are now forced to choose sides between the United States and China. Consequently, despite rhetorical support for the FOIP concept, most players have tried hard not to side with the United States in order to avoid publicly antagonizing China. The pragmatic approach adopted by Australia (which is a close ally of the United States) allows its deeds to depart from its words of support for the US FOIP strategy. The ASEAN states, especially Indonesia, intend to play a proactive role in maintaining ASEAN centrality in building the Indo-Pacific construct in the region.

Will the ‘Indo-Pacific’ concept go beyond the scope of US strategy against China? Will the concept of the ‘Indo-Pacific’ be institutionalized in such a way that it can become a new catalyst for the development of regionalism and multilateralism in this part of the world? Building on Oran Young’s ideas on political leadership in regime formation, Kai He and Huiyun Feng suggest that the future of the institutionalization of the Indo-Pacific construct

²¹ See Seng Tan, ‘Consigned to hedge: south-east Asia and America’s “free and open Indo-Pacific” strategy’, *International Affairs* 96: 1, Jan. 2020, pp. 000–00.

lies in two key factors: executive leadership and ideational leadership.²² While executive leadership is a necessary condition for states to overcome ‘relative gains’ and ‘collective action’ problems, and other operational difficulties in cooperation, ideational leadership can help states to locate focal points and expand common interests for cooperation. Comparing the building of the Asia–Pacific construct with the construction of Asia–Pacific Economic Cooperation, He and Feng argue that it is the lack of both executive leadership and ideational leadership that has held back the institutionalization of the Indo-Pacific in the past decade. Under Trump’s administration, the United States might take up the executive leadership role; however, the success of institution-building in the Indo-Pacific will be limited by the relative weakness of the epistemic community compared to the strength of the ideational leadership. He and Feng suggest that China, in particular through its Belt and Road Initiative (BRI), might be a wild card in Indo-Pacific regionalism in the future.

Currently, the BRI appears to be primarily an economic initiative, but many analysts believe that the massive Chinese investments in infrastructure and industries will inevitably generate significant geostrategic repercussions across Eurasia and the Indo-Pacific region. Mingjiang Li’s article seeks to analyse the impacts of the BRI on security ties between China and the other major players in the Indo-Pacific.²³ Li points out that the BRI is gradually transforming Beijing’s international security strategy and policies in the Indo-Pacific owing to China’s need to overcome daunting challenges to protect its commercial interests and to ensure the safety of Chinese nationals in the regions and countries that are involved in the BRI. One result of the BRI is that China will be considerably more proactive in projecting its power and influence in the Indo-Pacific region. The ensuing significant expansion of Beijing’s security role may further intensify the security competition between China and the other major players in the Indo-Pacific region, primarily the United States. Li also proposes a new analytical angle for the study of geo-economics that unpacks the role of economic activities and processes in generating geopolitical intentions and catalysing geopolitical competition.

²² Kai He and Huiyun Feng, ‘The institutionalization of the Indo-Pacific: problems and prospects’, *International Affairs* 96: 1, Jan. 2020, pp. 000–00.

²³ Mingjiang Li, ‘The Belt and Road Initiative: geo-economics and Indo-Pacific security competition’, *International Affairs* 96: 1, Jan. 2020, pp. 000–00.

In a similar vein, Ling Wei argues that China's 'development peace' experience in east Asia might shed some light on the future Indo-Pacific construct and regionalism.²⁴ Building on practice theory, Wei suggests that economic development can serve as an 'anchoring practice' in embodying and enacting the constitutive rules and basic norms for a broader set of practices in regional processes, including peaceful coexistence and non-interference. Wei tests her 'development peace' argument using two empirical case-studies, on the transformation of the ASEAN–China relationship from hostility to partnership in the post-Cold War era and on the change in China–Philippines relations over the South China Sea dispute. Wei's constructivist approach seems to suggest a more optimistic future for the Indo-Pacific construct, in which economic development, infrastructure cooperation and the code of conduct in the South China Sea can serve as vehicles and best practices to facilitate the building of a rules-based order in the region.

The term FOIP implies a balancing or even a containment strategy of the United States in dealing with a rising China that may pose grave challenges to the US-led liberal international order after the 2008 global financial crisis. However, regional actors, including other Quad countries—Australia, India and Japan—as well as Indonesia and the ten ASEAN member states as a whole, have refrained from meddling in the strategic competition between the United States and China in the region. The success of the US FOIP strategy against China will thus mainly depend on the strategic interactions among the United States, China and other regional powers.

One way to de-escalate the strategic rivalry between the United States and China is to make the Indo-Pacific an institutional construct able to facilitate interstate cooperation and thereby broader and deeper regionalism and multilateralism in the region. However, institution-building in the Indo-Pacific region is not an easy task, and faces many institutional, ideational and practical hurdles. Who will take the lead in institutionalizing the Indo-Pacific concept? How will the best practice be achieved in east Asia? Will it be achieved through development peace? Or will it be achieved by transcending the geopolitical contestations in the Indo-Pacific? Will China's BRI be a strategic blessing or a curse on the Indo-Pacific construct in the future? Many questions remain unanswered regarding the profound ramifications of the dynamics of the Indo-Pacific for regional order transition. We hope that this special issue of

²⁴ Ling Wei, 'Developmental peace in east Asia and its implications for the Indo-Pacific', *International Affairs* 96: 1, Jan. 2020, pp. 000–00.

International Affairs will be among the opening chapters to Indo-Pacific studies in the decades to come.