



**Delhi Policy Group**

Advancing India's Rise as a Leading Power



# DPG POLICY PAPER

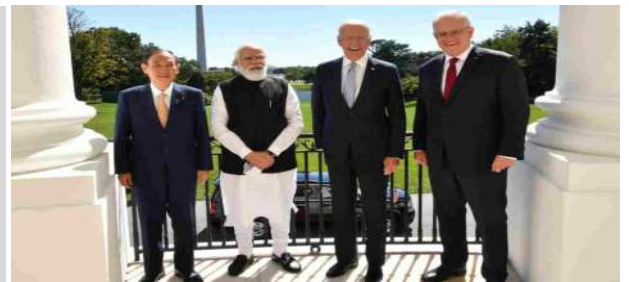
## ASEAN and the Great Power Contestation in the Indo-Pacific

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Volume VII, Issue 46

December 20, 2022



**Delhi Policy Group**

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DPG Policy Paper Vol. VII, Issue 46

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*On September 24, 2022, President Biden hosted Prime Minister Scott Morrison of Australia, Prime Minister Narendra Modi of India, and Prime Minister Yoshihide Suga of Japan at the White House for the first-ever in-person Leaders' Summit of the Quad. Source: Narendra Modi/Twitter*

*President Joko Widodo was the first ASEAN Leader to endorse the Indo-Pacific. He is seen shaking hands with Prime Minister Modi during the latter's visit to Indonesia. Source: @Jokowi on Twitter*

*US President Joe Biden poses with leaders from the Association of Southeast Asian Nations (ASEAN) for a group photo on the South Lawn of the White House in Washington, May 12, 2022. Source Radio Free Asia*

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by  
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## Contents

Abstract .....	1
What is the Broader Strategic picture in the Indo-Pacific? .....	2
How do we assess the achievements of the ASEAN centric regional security architecture? .....	4
What is China's vision for a regional security architecture in Asia? .....	5
How did the US respond to an aggressive and assertive China? .....	5
What are the defining features of the new Asian Geopolitics? .....	8
How did China become a problem for ASEAN and India? .....	9
What was the thought process behind ASEAN's reluctant embrace of the Indo-Pacific? .....	11
What was ASEAN's response to the AUKUS pact ? .....	14
How did ASEAN countries craft responses to increasing Chinese assertiveness in the region? .....	15
What are the trends in the evolving geopolitics of Asia? .....	21
What is current state of the QUAD's agenda? .....	23
How are supply chain resilience and economic security risks shaping the contours of global trade? .....	24
What is the cost-benefit balance of India's Engagement with the ASEAN, when it comes to China? .....	24
Conclusion .....	27

## ASEAN and the Great Power Contestation in the Indo-Pacific

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### Abstract

*[Great Power contestation in Southeast Asia and the Indo-Pacific has been a geopolitical reality since the onset of the Global Financial crisis in 2007-08. This paper seeks to explore and address the following issues: (1) What is the Broader Strategic picture in the Indo-Pacific? (2) How do we assess the achievements of the ASEAN centric regional security architecture? (3) What is China's vision for a regional security architecture in Asia? (4) How is the United States responding to an aggressive and assertive China? (5) What are the defining features of the new Asian Geopolitics? (6) How did China become a problem for ASEAN and India? (7) What was the thought process behind ASEAN's reluctant embrace of the Indo-Pacific? (8) What was ASEAN's response to the AUKUS pact? (9) How did ASEAN countries craft responses to increasing Chinese assertiveness in the region? (10) What are the trends in the evolving geopolitics of Asia? (11) What is current state of the QUAD's agenda? (12) How are supply chain resilience and economic security risks shaping the contours of global trade? (13) What is the cost-benefit analysis of India's engagement with the ASEAN, when it comes to China?]*



*The current state of US-China Relations from a Chinese perspective. China seeks to supplant the United States as the pre-eminent power in Asia. Source Global Times*

## What is the Broader Strategic picture in the Indo-Pacific?

The defining nature of strategic developments since the GFC of 2007-08 is a rising China making territorial assertions in the South and East China Seas and along the India-China border, as well as coercive maneuvering by the PLA Navy off the coast of Taiwan, all part of a broader effort to supplant the United States as the preeminent power in Asia. The trend has escalated after the COVID-19 crisis that broke out in November 2019.

Second, China continues to build a massive “blue water navy”<sup>1</sup> that can defend its sea-lines of communication and become a dominant force in the Indian and Pacific Oceans. China’s port building activities in the Indian Ocean littoral have led to concerns that this is part of a larger strategy to bring about the strategic domination of the IOR.



*Demonstrations erupted in Colombo as Sri Lanka plunges deep into an unprecedented economic crisis. Loans taken for BRI projects were a major contributor to Sri Lanka's economic woes. Source: ANI*

Third, China’s BRI is a grand strategy<sup>2</sup>, unparalleled in scope and ambition and far exceeding anything the world has seen before. It is also a masterly blueprint

<sup>1</sup> Maclaren, James (2020, January 25) *With Its New Aircraft Carrier, Is China Now a Blue Water Navy?* The Diplomat

<https://thediplomat.com/2020/01/with-its-new-aircraft-carrier-is-china-now-a-blue-water-navy/>

<sup>2</sup> Clarke, Micheal (2017, July) *The Belt and Road Initiative: China's New Grand Strategy?* Project Muse: Asia Policy. <https://muse.jhu.edu/article/666556/pdf>

to integrate China's markets, gain access to resources, utilize excess domestic capacity, strengthen China's periphery, gain strategic military access in the maritime domain, and enlist "all-weather friends". Chinese BRI loans, given on usurious terms for projects that are not bankable, are leading countries along India's periphery into a debt trap.

Fourth, we must take note of the strategic and security underpinnings of the US-China 'trade war'<sup>3</sup>. On the surface, the tariffs imposed by the US seek to address the trade deficit and the theft of intellectual property, but more broadly they are a reaction to the rise of China as a challenger to the United States' dominance of the prevailing capitalist, liberal and democratic order. The US actions reflect concerns that China's trade and industrial policies have been unfair and threaten the US advantage in high technology sectors. US tariffs and export controls have targeted a range of high technology industries, especially in areas in which China hopes to lead by 2025 or 2049.

Fifth, the strategic collusion between China and Pakistan and China and the DPRK, exacerbates security challenges for India, Japan, South Korea and the United States. *In South Asia*, China's support to Pakistan – which in the past has included nuclear and missile proliferation - encourages the latter to support cross-border terrorism and indulge in nuclear brinkmanship with India. The US withdrawal from Afghanistan has also increased India's threat perception from terrorist groups operating in that country.

Sixth, *On the Korean peninsula*, China's unwillingness or inability to rein in the DPRK allows the latter to engage in nuclear brinkmanship with the ROK, Japan and the US. China has periodically displayed an ability to help defuse crises and help bring the DPRK to the conference table, though without any lasting results. This gives China considerable leverage over those countries – Japan, ROK and the US - which are most affected by the DPRK's rogue state behavior. Nuclear and missile proliferation activities between the DPRK and Pakistan are another dimension that has been seriously detrimental to India's national security.

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<sup>3</sup> Marianne Schneider-Petsinger, Jue Wang, Yu Jie and James Crabtree (2019. November) Chatham House Research Paper.  
<https://www.chathamhouse.org/sites/default/files/CHHJ7480-US-China-Competition-RP-WEB.pdf>

## How do we assess the achievements of the ASEAN centric regional security architecture?

Regional efforts at ASEAN institution building have attempted to advance the security and prosperity of Southeast Asian States. The Regional Security Architecture in East Asia has been characterized by regional frameworks centered around the ASEAN, the American bilateral alliance system, the United States' Strategic Cooperation with non-allied countries, the growing bilateral defense relations between middle powers, and the special relationships that continue to exist between former communist bloc countries.

ASEAN-centric security institutions have largely failed to address the hard security issues that have come to the fore with China's assertive rise<sup>4</sup>. Economic interdependence between the ASEAN and China, and China's soft coercion and offers of investment funds have induced many ASEAN countries to fall in line. As a consequence, ASEAN unity on Chinese claims on the Spratlys and Paracels in the South China Sea has broken down since 2012. Though the ASEAN has embraced the "Indo-Pacific", there is a state of confusion where accommodation of China is writ large and questions are raised against the Quad. Expectations from the EAS are fading. As such, ringing endorsements of ASEAN centrality to the broader Indo-Pacific would appear to be misplaced. Recent efforts at advancing regional economic integration through the RCEP will only serve to strengthen China's growing influence in the region.

The ARF has achieved some success in Confidence Building Measures, anti-terrorist collaboration and HADR but made little progress in preventive diplomacy and conflict resolution.

The ADMM and its Indo-Pacific extension the ADMM Plus were created to include Defense officials in the dialogue and to move from a discussion of CBMs to tangible defense and security cooperation focusing on NTS issues. The ADMM and ADMM Plus have made some headway in practical security cooperation in HADR, Military medicine, counterterrorism and maritime security through cooperative security exercises. The reported decision by the ADMM Plus in Malaysia in 2015 to scrap a planned joint statement reference to the South China Sea issue fostered the impression that the ADMM Plus could go the way of the ARF.

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<sup>4</sup> Joshua Kurlantzick (2012. November) *ASEAN's Future and Asian Integration*. Council on Foreign Relations Working Paper.  
[https://www.cfr.org/sites/default/files/pdf/2012/10/IIGG\\_WorkingPaper10\\_Kurlantzick.pdf](https://www.cfr.org/sites/default/files/pdf/2012/10/IIGG_WorkingPaper10_Kurlantzick.pdf)

In the Joint Declaration issued<sup>5</sup> at the end of the ninth ADMM+ meeting held in Siem Reap Cambodia on November 23, 2022, there was once again, no direct reference to the territorial disputes in the South China Sea. The participants, did, however, stress that:

“...the importance of maintaining and promoting ... the freedom of navigation and overflight...and pursue peaceful resolution of disputes, without coercion, in accordance with international law, including the 1982 UN Convention on the Law of the Sea...”

In assessing the future of the ADMM Plus the most critical challenge is that while it has religiously kept to the NTS remit, it continues to face centrifugal forces pushing for an expansion to hard security issues.

Perhaps, The biggest threat to ASEAN centrality comes from ASEAN itself, and particularly ASEAN's tendency to capitulate under Chinese pressure and bandwagon with China as Cambodia and Laos have done, and to join Chinese efforts at legitimizing aggression in the South China Sea through the discussions on the 'Code of Conduct' which is essentially a derogation from International Law. It is difficult to see how a 'code of conduct' can be effective if it merely ratifies the status quo.

## What is China's vision for a regional security architecture in Asia?

China's vision is for a Security Architecture<sup>6</sup> that embraces ASEAN centrality, albeit a weakened one, is focused on partnerships, draws upon existing institutions like the SCO and CICA and seeks to dilute US influence in Asia. India's interest and that of its regional partners should be to nudge China towards a greater acceptance of multi-polarity in Asia.

## How did the US respond to an aggressive and assertive China?

The US has focused on its Indo-Pacific Strategy, strengthened its alliances and partnerships and established a web of trilateral and 2+2 dialogues for better

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<sup>5</sup> November 23, 2022. Joint Declaration by the ADMM-Plus Defense Minister's meeting on Defense Cooperation to Strengthen Solidarity for a Harmonized Security. ASEAN.org  
<https://asean.org/joint-declaration-by-the-admm-plus-defence-ministers-on-defence-cooperation-to-strengthen-solidarity-for-a-harmonized-security/>

<sup>6</sup> Ekman. Alice (2016.October 15), *At the 2016 Xiangshan Forum, China Outlines a Vision for Regional Security Governance*. <https://thediplomat.com/2016/10/at-the-2016-xiangshan-forum-china-outlines-a-vision-for-regional-security-governance/>



policy coordination between US, Japan, Australia and India. The Quad – now elevated to the summit level – sits at the apex of these dialogues. The Quad should be seen as part of the countervailing strategies adopted in the Indo-Pacific to counter an aggressive, assertive and expansionist China. China on the other hand regards the Quad and mini-laterals as quasi alliances aimed at itself.

Under the Trump administration America's NSS<sup>7</sup> and "principled realism" signaled an intent to reverse the US decline and reassert a "neo-American" order. US trade sanctions on China targeted key technologies vital for the realization of China's 2025 and 2049 goals.



*US President Joe Biden poses with leaders from the Association of Southeast Asian Nations (ASEAN) for a group photo on the South Lawn of the White House in Washington, May 12, 2022. Source Radio Free Asia*

Though committed to continuing a vigorous policy to counter the Chinese challenge, President Biden has signaled important differences in his approach. Gone is the "America First" paradigm. The US is committed to its "historic partnerships" and to working with allies and partners. The strategic

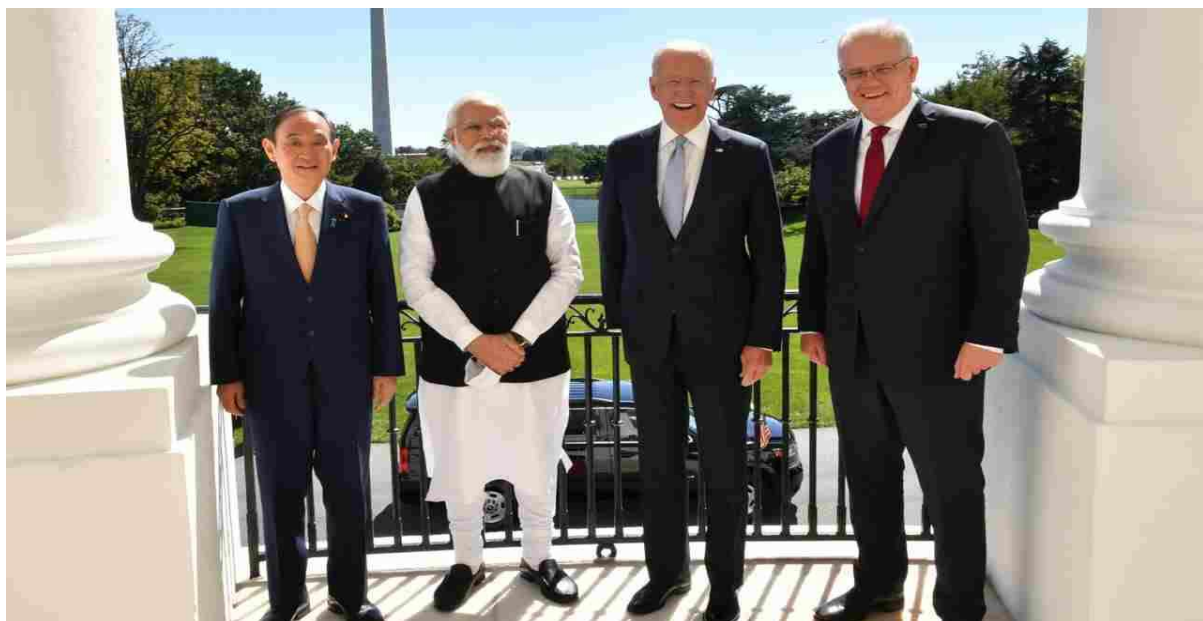
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<sup>7</sup> Trump Administration (2017, December) National Security Strategy of the United States of America. <https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>

perspectives of the Biden administration are however, largely similar to the Indo-Pacific strategy adopted by the Trump administration<sup>8</sup>.

President Biden has announced the “Build Back Better for the World” plan, an infrastructure financing mechanism for medium to low income countries designed to offer an alternative to China’s BRI. The initiative has the potential to mobilize the private sector and catalyze hundreds of billions of dollars in infrastructure investments in regional countries. Together with Japanese ODA, this strategic initiative can provide a viable alternative to countries seeking to build infrastructure, while avoiding the pitfalls of a BRI induced debt trap.

Confrontation, competition and cooperation with China continue to be the paradigm for the United States Strategic policy towards China and represent a tectonic shift from the pattern that has persisted since 1971. Chinese scholars increasingly believe that the current state of US-China relations is the “new normal”<sup>9</sup>. The strategic determination and resilience of both China and United States is being put to the test.



*On September 24, 2022, President Biden hosted Prime Minister Scott Morrison of Australia, Prime Minister Narendra Modi of India, and Prime Minister Yoshihide Suga of Japan at the White House for the first-ever in-person Leaders' Summit of the Quad. Source: Narendra Modi/Twitter*

<sup>8</sup> ( 2021. March) Elements Of Change And Continuity In The Future Of The Indo-Pacific Fondation Recherche Strategique

<sup>9</sup> [Tiezzi. Shannon \(, 2021. March 19\) Do the Anchorage Talks Represent a New Normal for US-China Relations? The Diplomat. https://thediplomat.com/2021/03/do-the-anchorage-talks-represent-a-new-normal-for-us-china-relations/](https://thediplomat.com/2021/03/do-the-anchorage-talks-represent-a-new-normal-for-us-china-relations/)

If the Biden administration has made greater efforts to attend ASEAN meetings and to engage bilaterally with ASEAN countries, it is because it wishes to determine what ASEAN is prepared to do with the U.S to cooperate on China. Unless ASEAN members define clear parameters for what they are and are not prepared to do with the U.S. on China, ASEAN centrality will soon become irrelevant and the U.S. will place even greater priority on the QUAD. Without American attention, China will take ASEAN for granted.

The US has previously described India as being central to its Indo-Pacific Strategy and an essential element in the Indo-Pacific Security Architecture. India and the United States need to jointly evolve a common strategy that takes into account the growing strategic salience of the Indian Ocean, and the challenge that China presents in the India ocean.

India's perspective within the Quad is quite distinct: as it upholds multipolar stability and an equitable regional order based on cooperation and not dominance. Furthermore, despite the common embrace of the Indo-Pacific terminology, the US and its allies are mainly focused on Asia Pacific security and their military deployments also correspond to the Asia Pacific. India must meet its continental challenges on its own, while also providing net security across the IOR.

## What are the defining features of the new Asian Geopolitics?

The new Asian Geopolitics is markedly different from that which existed during the Cold War. Then, during the fight against communism the US extended its security umbrella and allowed ASEAN members to focus on economic growth and domestic stability. Now, China has displaced Japan as Asia's largest economy and China's GDP is 5 times that of the ASEAN. ASEAN's capacity to offer a combined response to this new geopolitics is under challenge. Membership expansion from the original five states has made reconciling national positions even more difficult.

Since the onset of the COVID-19 crisis, China has behaved in an aggressive and dangerous manner, first, by hiding the deadly nature of the virus and then by allowing its spread to other countries. The Chinese leadership appears to have reckoned that if the pandemic was to damage China, it might as well level the playing field by infecting the whole world<sup>10</sup>.

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<sup>10</sup> US Deputy National Security Adviser Matt Pottinger was amongst the first senior Trump Administration White House officials who held this view. Woodward Bob (2020) *Rage*. Prologue. Simon and Schuster

Second, China took advantage of the COVID-19 induced distraction and domestic focus of major powers to renew its territorial assertions in the South and East China Seas, and along the Sino-Indian border. In doing so China was conforming to its historical pattern of behavior. In 1962, China attacked India in the midst of the Cuban Missile Crisis<sup>11</sup>. More recently, China aggressively pursued its territorial assertions in the South China Sea in the aftermath of the Global Financial Crisis when the United States was preoccupied with its economy and the two wars in Afghanistan and Iraq.

The COVID-19 crisis has exacerbated tensions between China and the United States and is likely to accelerate rather than change existing geopolitical trends. Chinese state behavior suggests an exorable push to replace the United States as the dominant power in Asia. "Southeast Asian countries are pieces on a strategic chessboard that China has every intention to dominate."<sup>12</sup>

## How did China become a problem for ASEAN and India?

During the 1990s, China made immense progress in forging new economic links with Southeast Asia. China's support to Southeast Asian countries during the Asian Economic Crisis in 1997-98, and its substantive trade and investment links in the region, made China the major Asian player in the region<sup>13</sup>.

The geo-economic trends in Southeast Asia over past few decades were being driven by the individual rationality of investors seeking to benefit from the economic opportunity in China, but whose cumulative effects were generating major geopolitical consequences.

Conventional geopolitical wisdom holds that states will engage in power balancing against rising powers. This line of reasoning suggested that states would engage in "containing" or "hedging" against China's rise. This did not happen in the 1990s because multinational firms seeking to access market opportunities in China were willing to do whatever it took to get in. The cumulative effect of these decisions helped build up a formidable strategic competitor and simultaneously undermined the long-term interests of other nations. In fact, substantial Foreign Direct Investment into China came from

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<sup>11</sup> Riedel Bruce (2016) *JFK's Forgotten Crisis: Tibet, the CIA and the Sino-Indian War*. p 303-5. Harper Collins India

<sup>12</sup> Becker Elizabeth (2020. August29) *Southeast Asia is the Ground Zero in the New US-China Conflict – and Beijing is Winning*

<https://foreignpolicy.com/2020/08/29/southeast-asia-china-book>

<sup>13</sup> Kirten John (2020 August 11) *The G7 and China in the Management of the International Financial System*. <https://tspace.library.utoronto.ca/html/1807/4865/china4.htm>

three countries and regions most concerned about China's rise: Taiwan, Japan and the United States<sup>14</sup>.

The tensions between the geopolitical and geo-economic pressures in Southeast Asia were mediated by the interdependence created by cross border production networks. These cross-border networks, while speeding up economic growth in Southeast Asian countries, made them less resilient and more vulnerable to Chinese pressure.



*The fourth edition of AUSINDEX was conducted with the participation of ships, submarines, helicopters and maritime patrol aircraft of the Royal Australian Navy and Indian Navy in September 2021. Source : Indian Navy*

The resurgence of territorial disputes in the South China Sea over the past two decades had clearly signaled a return to the imperatives of geopolitics in the region. President Obama's pivot to the region, Washington's effort to rebalance its foreign policy in order to focus on the strategic challenge posed by China's rise, and the Trump Administration's "Indo-Pacific Strategy" gave Southeast Asian countries an opportunity to hedge against China's more opaque intentions. In all this, ASEAN countries risked becoming pawns in the geopolitical clash between China and the United States. The ASEAN as a collective body appeared to be divided on how it should deal with China's increasing assertiveness. The prosperity of the region had for long rested upon the foundation of good relations between ASEAN's main economic partner

<sup>14</sup> Chen Chunlai . *China's 40 Years of Reform and Development: 1978–2018* . ANU.

<http://press-files.anu.edu.au/downloads/press/n4267/html/ch29.xhtml>

(China) and its major security partner (United States). With strategic competition between China and the United States, this balance has fallen apart.

While U.S. participation in the EAS was expected to counter the growing Chinese clout in East Asian affairs, there was a risk that regional states would be caught up in the U.S.-China rivalry - and would eventually be forced to choose sides. Indeed, the US – China tensions within the EAS prevented it from functioning effectively as a forum for discussing the resolution of hard security issues in East Asia<sup>15</sup>.

As a consequence, countries in the region have strengthened their individual military capabilities and augmented bilateral defense cooperation with regional partners. Southeast Asian countries have also continued to comprehensively engage China bilaterally and in multilateral institutions in an effort to balance conflict and competition with economic cooperation<sup>16</sup>.

## What was the thought process behind ASEAN's reluctant embrace of the Indo-Pacific?

On June 23, 2019, ASEAN finally – albeit reluctantly - embraced the Indo-Pacific concept<sup>17</sup>. The ASEAN's reluctance to embrace the Indo-Pacific concept as a framework to conduct regional policy making stemmed from a number of reasons. **First** and foremost, there were fears that the adoption of the framework would invite an adverse Chinese reaction. The Chinese interpretation of the Quad as a budding alliance and its association with the United States' Indo-Pacific Strategy also added to ASEAN's fears and reluctance. **Second**, in the ASEAN view, there was a lack of clarity on what the "Free and Open Indo-Pacific" exactly stood for. This was because the Indo-Pacific geopolitical construct was a work in progress and there continued to be nuanced differences in the articulation of the concept between Quad members themselves. **Third**, there were growing ASEAN fears – so clearly articulated by the Singapore Prime Minister in his address at the Shangri la Dialogue in 2019

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<sup>15</sup> Strangio Sebastian ( 2020, September 10) *At ASEAN Meetings, US, China Spar Over Maritime Disputes*. The Diplomat

<https://thediplomat.com/2020/09/at-asean-meetings-us-china-spar-over-maritime-disputes/>

<sup>16</sup> Subhan Arief (12 May. 2018) *Defence and Security cooperation in ASEAN*. The ASEAN Post

<https://theaseanpost.com/article/defence-and-security-cooperation-asean>

<sup>17</sup> Parameshwaran Prashant ( 24 June. 2019) *Assessing ASEAN's New Indo-Pacific Outlook*. The Diplomat. <https://thediplomat.com/2019/06/assessing-aseans-new-indo-pacific-outlook/>

- that prolonged US-China tensions and the pushback against globalization would undermine the economic prosperity of the region.



*President Joko Widodo was the first ASEAN Leader to endorse the Indo-Pacific. He is seen shaking hands with Prime Minister Modi during the latter's visit to Indonesia. Source: @Jokowi on Twitter*

Indonesia was the first ASEAN member to embrace the Indo-Pacific<sup>18</sup> as the new paradigm and framework for policy making in the region. Indonesia's vision for the region is balanced and inclusive and links itself to President Jokowi's characterization of the archipelago as the "Global Maritime Fulcrum". The emphasis is on giving a maritime orientation to Indonesia's foreign and domestic policy and focusing on the creation of maritime infrastructure, attracting investment and promoting trade. The security dimension is accorded a lower priority.

The ASEAN Outlook on the Indo-Pacific (AOIP) was a giant leap for the ASEAN. ASEAN had finally taken a step forward, albeit hesitantly, to embrace the Indo-

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<sup>18</sup> The first official reference to the Indo-Pacific in a document adopted by Indonesia and India was in the "Shared Vision of India-Indonesia Maritime Cooperation in the Indo-Pacific" released during the visit of Prime Minister Modi to Indonesia in May 2018. In that vision document both leaders agreed to strengthen maritime cooperation for the promotion of peace, stability and bringing robust economic growth and prosperity to the Indo-Pacific Region"

Pacific – but in the “ASEAN way at a pace comfortable to all. ” The following are some of the key takeaways from the statement:

ASEAN does not see the Indo-Pacific as a single strategic geography, but rather as a “seamless maritime space” and a “region of dynamic economic integration” comprising of the wider Asia Pacific and Indian Ocean regions. It perceives the Indo-Pacific as lying at the center of geopolitical and geostrategic shifts, which present unprecedented opportunities for economic growth as well as risks of miscalculation and conflict due to the rise of “material powers” in the region.

Placing itself at the center of these two maritime regions and “acting as a conduit and portal” ASEAN will seek to shape the political and security architecture and work towards keeping the region peaceful and stable. To this end, ASEAN will strengthen existing ASEAN led mechanisms, and particularly the EAS, as platforms for dialogue and implementation of Indo-Pacific Cooperation. ASEAN centrality will continue to be the guiding principle for the economic and security architecture of the broader Indo-Pacific Region. Interestingly the AOIP document omits mention of ASEAN Plus Three (APT) as the “main vehicle for building the East Asian Community” - a long-standing ASEAN mantra reinforcing the hierarchy of APT over the EAS. This could imply that ASEAN’s embrace of the Indo-Pacific will likely lead to a dilution of the long term East Asian Community goal. The oscillating tensions between the US and China and Japan and China; Chinese assertiveness; and the breakdown in ASEAN unity appear to have muddied the waters for the East Asian Community project.

ASEAN has set itself the lofty objective of helping shape the regional security architecture in the wider Indo-Pacific. However, ASEAN should be cautious on three counts. **First**, ASEAN does not have the political heft to shift the region’s focus from strategic competition to a development-oriented approach or act as an “honest broker” to defuse tensions between great powers in the wider Indo-Pacific region. **Second**, ASEAN is mistaken if it believes it has the capacity to harmonize competing connectivity initiatives of great powers because these rely on underlying strategic drivers for achieving their objectives. **Third**, the current impasse between the US and China is about which country will be the dominant power in the Indo-Pacific. ASEAN may, for a while, try its best to stand aside but eventually it will be forced to choose sides.





*President Biden announces the Aukus Pact on September 15, 2021. Source: Asia Pacific Research Network*

## What was ASEAN's response to the AUKUS pact ?

When the news of the AUKUS agreement broke on September 16, 2021, ASEAN was taken by surprise. ASEAN has failed to reach a consensus, but sees AUKUS as increasing geopolitical risks in the region and bypassing all notions of ASEAN centrality.

Indonesia and Malaysia in particular, have expressed concerns on the impact of AUKUS in fueling an escalating power projection and undermining nuclear non-proliferation. Singapore on its part has expressed the hope that AUKUS will strengthen regional peace and security, with FM Balakrishnan stating:

“AUKUS ...was not really the centrepiece of concern. The real strategic question remains the relationship between the US and China, and how they manage this strategic realignment, rebalancing and recalibration of that relationship.”

Vietnam and the Philippines see the AUKUS as a welcome step to restore the strategic balance in the region.

## How did ASEAN countries craft responses to increasing Chinese assertiveness in the region?

Since the normalization of relations in 1991, Sino-Vietnamese relations<sup>19</sup> have developed into one of normalized or mature asymmetry. This is a relationship in which China seeks acknowledgement of its primacy and Vietnam seeks recognition of its autonomy. Maritime disputes in the South China Sea have emerged as the major irritant in bilateral relations because of the salience of conflicting claims to sovereignty. Vietnam's leaders have attempted to prevent maritime boundary disputes from spilling over and impacting negatively on Vietnam's comprehensive strategic cooperative partnership with China. At the same time, Vietnam has attempted to manage its maritime disputes with China through government-to-government negotiations and in times of crisis through party-to-party channels.



Vietnamese Minister of Industry and Trade Trần Tuấn Anh (first from right) in a group photo with representatives of members of Trans-Pacific Partnership (CPTPP) after the signing agreement ceremony in Santiago, Chile on March 9, 2018. Source: VNA

In the late 1980s and early 1990s, Vietnam began to re-conceptualize how it framed its foreign policy, and elevated the importance of national interests over socialist ideology in its relations with China. Vietnam pursued a policy of 'multi-lateralizing and diversifying' its external relations with all major powers.

<sup>19</sup> Thu Huong Le (2020, September 30) *Rough Waters Ahead for Vietnam China Relations*. Carnegie Endowment for International Peace. <https://carnegieendowment.org/2020/09/30/rough-waters-ahead-for-vietnam-china-relations-pub-82826>

China is Vietnam's largest trading partner. Vietnam's decision to join the TPP<sup>20</sup> was an attempt to diversify economic relations away from China. At the same time, Vietnam has taken major steps to develop a robust capacity through force modernization, to resist maritime intervention by China

### MABINI REEF (11 MARCH 14)



. The photograph taken in March 2014 shows Chinese construction activity on the disputed Mabini Reef which is located in the South China Sea. Source: Philippines government

Under former President Benigno Aquino III, the Philippines had been the Southeast Asian claimant to the Spratlys most willing to challenge China through arbitration and increasing military cooperation with the United States. His successor President Duterte had repeatedly expressed interest in attracting Chinese investment to the Philippines and favoring bilateral negotiations and joint development of resources. President Duterte pursued a more independent policy, balancing alliance security commitments with the US with the desire to restore ties with China. However, the arbitration award in favor of the

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<sup>20</sup> In January 2018, the remaining eleven countries agreed on a revised TPP, now renamed the "Comprehensive and Progressive Agreement for Trans-Pacific Partnership" (CPTPP).

Vu Kahn (2018. November 12) Vietnam becomes seventh country to ratify Trans-Pacific trade pact. Emerging Markets. <https://www.reuters.com/article/us-trade-tpp-idUSKCN1NH0VF>

Philippines<sup>21</sup> and China's muscular and bullying response reduced his space for a compromise solution. While the Philippines was restrained in its public response to the ruling, China continued its aggressive actions against the Philippines in the South China Sea. After spending five years trying to placate China, the Philippines seems to have realized that Chinese belligerence had not diminished; Chinese PLAN ships have continued to encroach in the Philippine's EEZ and to harass and intimidate Philippines' fishing vessels. Tangible economic benefits from Chinese infrastructure investment in the Philippines have also not been forthcoming.



*Indonesia marked its Independence Day on August 17, 2016, by sinking 60 foreign ships seized for fishing illegally. Source: Antara*

China's "Nine Dash Line" claim includes parts of Indonesia's EEZ off the Natuna<sup>22</sup> Islands. In a March 2016 confrontation with Indonesia, a Chinese coast guard ship rammed a previously detained Chinese fishing boat to free it

<sup>21</sup> Ridderhof R (2016. July 12) *The South China Sea Arbitration (12 July 2016) PCA Case No. 2013-19*. The Peace Palace Library, The Hague Netherlands

<https://www.peacepalacelibrary.nl/2016/07/pca-award-south-china-sea-12-july-2016/>

<sup>22</sup> Panda Ankit (2020. January 28) *Indonesia's Latest Natuna Islands Spat With China Should Be a Wake-Up Call for Southeast Asia*. The Diplomat.

<https://thediplomat.com/2020/01/indonesias-latest-natuna-islands-spat-with-china-should-be-a-wake-up-call-for-southeast-asia/>

from Indonesian custody. The incident took place near the Indonesia's Natuna Islands, close to the southern end of the South China Sea. While China claimed that the boat was in China's traditional fishing grounds, Indonesia holds that the concept of traditional fishing grounds is not recognized by International Law.

President Joko Widodo initiated a muscular policy to defend Indonesia's maritime rights in the EEZ off the Natuna Islands. At least one large Chinese fishing vessel was destroyed by the Indonesian Navy, as a punitive measure in April 2016. Confrontations between Indonesian naval and coast guard vessels and Chinese fishing vessels have been a regular feature in recent years. On the other hand, since Indonesia values its economic engagement with China and courts Chinese investment, it treats the issue with China to be primarily concerning unauthorized fishing, and not involving sovereign rights and Indonesia's EEZ.

Myanmar's position between South Asia and Southeast Asia is of geostrategic importance to its neighbor China, and is viewed by some in China as the key to preventing China's encirclement by the United States. Myanmar also has the potential to give China greater access to the Indian Ocean and to the oil rich Middle East. This is particularly valuable to China as it seeks to raise levels of development in its western interior, which has experienced much lower rates of economic growth than China's eastern coastal areas.

China has helped Myanmar build a road linking Yunnan Province with a port on the Irrawaddy River. Chinese companies are also developing Myanmar's hydrocarbon resources. The isolation of the military regime in Myanmar due to its record on human rights has had the unintended consequence of encouraging ties with China. China has gained key strategic and economic access to the Indian Ocean, and which in turn has an impact on the geopolitical balance with India.<sup>23</sup>

The China Myanmar Economic Corridor (CMEC) – a spur of the BRI - will connect Yunnan province with the Bay of Bengal. A major "pillar of the CMEC" is the US \$ 1.3 billion investment in the Kyaukphyu Port and Special Economic Zone being built with Chinese assistance. By developing and eventually leasing ports like Hambantota and Kyaukphyu, China has diminished its vulnerability

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<sup>23</sup> Ott Marvin C (2020. January 24. *Myanmar in China's Embrace*. Foreign Policy Research Institute. United States. <https://www.fpri.org/article/2020/01/myanmar-in-chinas-embrace/>

in the Malacca Straits.



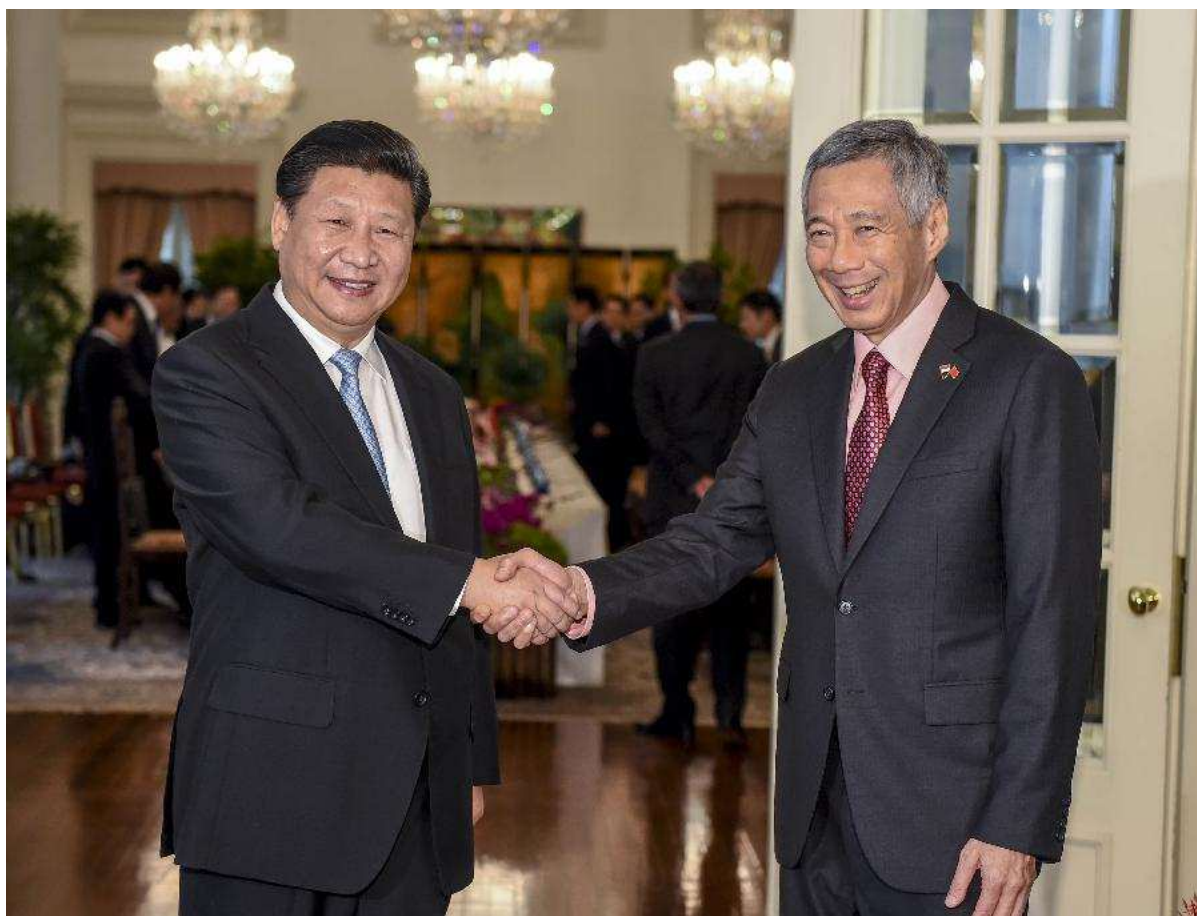
*The framework agreement on Kyaukphyu Special Economic Zone Deep Sea Port Project was signed by the Kyaukphyu SEZ Management Committee and CITIC Consortium at the Ministry of Commerce in Nay Pyi Taw on November 8, 2018. Source : Global New Light of Myanmar:*

After the initiation of reforms by the military backed Government in Myanmar in 2011, the dominant trend had been the opening up to the West and a gradual reduction in dependence on China. However, Myanmar needs China's cooperation to settle ongoing ethnic conflicts in the country. Despite suspended projects and domestic resentment against China, it remains a major economic partner for Myanmar. The overthrow of an elected government, the re-imposition of rule by the military junta, and the consequent imposition of western sanctions has once again thrust Myanmar into the Chinese embrace.

Thailand appears to be relatively comfortable with its expanding ties with China. It also has shared geopolitical interests with China on limiting Vietnamese influence in Cambodia. Thailand has a well-integrated Sino-Thai ethnic minority. China's prompt offer of financial assistance in the wake of Thailand's financial difficulties in 1997, and the lack of territorial disputes between China and Thailand, has also helped.

Thailand has a long tradition of balancing its relations with major powers and, since its 2014 coup, has been shifting the balance of its relations towards China. Two factors explain why China has become Thailand's friend. First, we note Beijing's lack of criticism of political developments in the Kingdom. Second, the great attention China has given to Thailand's leaders. In contrast, Western

leaders and diplomats struggled in their interactions with the Thai authorities in their efforts to remind Thailand to uphold the principles of liberal democracy”<sup>24</sup>.



*Chinese President Xi Jinping meets with Singaporean Prime Minister Lee Hsien Loong in Singapore, Nov. 7, 2015. Source: Xinhua*

China views Singapore as part of a grouping including Japan, South Korea, Taiwan, and Australia that are closer to the United States than China would prefer<sup>25</sup>. It is concerned that such a ring of countries in the region could be used to encircle China. Singapore, on the other hand, sees in its relationship with China the potential for mutual gain, and seeks to emphasize the economic element in its relationship with China while underplaying the strategic challenges. Singapore seeks to develop a constructive relationship with China

<sup>24</sup> Chingchit Sasiwan ( 2016. March 30) *The Curious Case of Thai-Chinese Relations: Best Friends Forever?* The Asia Foundation. <https://asiafoundation.org/2016/03/30/the-curious-case-of-thai-chinese-relations-best-friends-forever/>

<sup>25</sup> Felix K Chang. ( 2019. December 3 ) *The Odd Couple : Singapore's Relations with China.* Foreign Policy Research Institute. The United States. <https://www.fpri.org/article/2019/12/the-odd-couple-singapores-relations-with-china/>

while hedging against it.

## What are the trends in the evolving geopolitics of Asia?

The US and China are engaged in a struggle to control the narrative around COVID-19 and the heightened maritime and strategic competition in the South China Sea<sup>26</sup>.

Southeast Asian countries which have been heavily dependent on China for infrastructure and other development needs – Cambodia and Laos – are likely to become even more prone to Chinese influence as the economic and health crisis unfolds over time. Even the larger Southeast Asian countries like Indonesia and Malaysia have been significant recipients of Chinese medical aid<sup>27</sup> and loans for infrastructure development. These countries may appear to be pushing back against Chinese assertions, but their actions always remain within bounds of “managing” their relationship with their most powerful neighbor.

The chaotic initial response of the United States to the COVID-19 pandemic reinforced the image of a superpower in decline<sup>28</sup>. The United States was seen to have failed to live up to its global role, when, in the initial phase, it struggled to tackle the pandemic at home and even cut off funding for the WHO. Taking advantage of the situation, China pushed the narrative that its political system allowed it to perform better. China was able to project itself as a global health leader. However, China’s image has eventually been somewhat dented by the ‘zero COVID’ strategy, which has attracted criticism abroad and public censure at home, while failing to stem the spread of COVID-19.

Southeast Asian countries do not want to be in a position of having to choose between China, their major trading partner, and the United States, which has been their major security partner in the region. Singapore Prime Minister Lee

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<sup>26</sup> Ford Lindsey W and Gewirtz Julian ( 2020. June 18) *China's Post-Coronavirus Aggression Is Reshaping Asia. Foreign Policy.*

<https://foreignpolicy.com/2020/06/18/china-india-aggression-asia-alliances/>

<sup>27</sup> Tamara Esther N S ( 2020. August 31 ) *US, China Virus Aid: Who Gives More To SEA?* ASEAN POST. <https://theaseanpost.com/article/us-china-virus-aid-who-gives-more-sea>

<sup>28</sup> Wike Richard et al. (2020. September 15) *U.S. Image Plummets Internationally as Most Say Country Has Handled Coronavirus Badly.* Pew Research Center, United States. <https://www.pewresearch.org/global/2020/09/15/us-image-plummets-internationally-as-most-say-country-has-handled-coronavirus-badly/>



Hsein Loong, in an article published in the *Foreign Affairs* issue of June 2020, wrote that despite China's growing military strength, it would be unable to assume the United States' security role in Asia. Lee had added that Asia Pacific Countries do not wish to be forced to choose between the United States and China, and that they wanted to cultivate good relations with both.

Vietnam, ASEAN's 2020 Chair, tried and failed to forge a consensus approach in dealing with a more assertive post COVID-19 China. It would appear that Vietnam and some maritime members of ASEAN wish to push a collective approach against China's territorial assertions. However, mainland ASEAN countries fear the punitive economic costs China may impose as a consequence of this approach. Some ASEAN members like Vietnam are now seeking to advance their strategic autonomy by enhancing cooperation with middle powers in the Indo-Pacific<sup>29</sup>.

The ASEAN's consensual approach leaves it ill equipped to lead in the task of forging a regional strategy. The ASEAN requires change and renewal to enable it to serve as the third pole in the new geopolitics of Southeast Asia. This can give ASEAN the capacity to mitigate the consequences of the strategic contest between China and the US, and retain a role in determining the future of the region.

It is possible to discern a number of regional trends. **First**, China's assertive behavior in the South China Sea will likely continue over time. **Second**, there will continue to be concerns over the reliability and consistency of the United States as an ally or a partner. The United States must frame the narrative around realizing the goal of a "Free and Open Indo-Pacific" rather than the objective of "containing China". **Third**, the ability of the United States and its partners to offer an alternative to the BRI will be a key factor in influencing outcomes which will determine which country will be the preeminent power in Asia. **Fourth**, middle powers in the region – Japan, India and Australia - have a vital role to play in maintaining the regional balance of power. The heightened profile and policy coordination within the Quad, mini-laterals and 2+2 Dialogues is a positive development – and so is the deterrent symbolism of naval exercises like the Malabar.

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<sup>29</sup> Ambassador Chau Phan Sahn (2019. November 4 ) Vietnam plans a major outreach in India: Ambassador Chau . The Tribune.  
<https://www.tribuneindia.com/news/archive/nation/vietnam-plans-a-major-outreach-in-india-ambassador-chau-856258>

## What is current state of the QUAD's agenda?

Over time, the Quad agenda has focussed on providing global goods - the Quad Vaccine Partnership, cooperation on climate change, the peaceful uses of outer space, infrastructure, education and critical and emerging technologies. The Quad has also focussed on addressing regional challenges, HADR cooperation, maritime security, counter-terrorism, countering disinformation, cyber security and supporting international law and the rules based order. The Quad has supported Australia's proposal to host a 'Indo-Pacific Clean Energy Supply Chain Forum' in 2022.

On Myanmar the Quad nations have called for an end to violence, the release of all those arbitrarily detained and unhindered humanitarian access. They have expressed their support for ASEAN's efforts to seek a solution in Myanmar. Quad countries have criticised North Korea's destabilising ballistic missile launches in violation of UN Security Council resolutions, and reaffirmed their commitment to the complete denuclearisation of North Korea

In May, 2022, the Biden administration launched its first major trade initiative, the Indo-Pacific Economic Framework (IPEF). The IPEF is billed as an effort to expand U.S. economic leadership in the Indo-Pacific region, and is seen by some as the economic counterpart of the Quad. This was also the objective of the Trans-Pacific Partnership (TPP), a trade deal that was negotiated during the Obama administration. President Trump withdrew from the TPP in 2017, and the Biden administration has made it clear that it does not intend to reenter that trade pact, which is now renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP.

Thirteen countries have joined the IPEF framework talks with the United States. These are Australia, Brunei, Fiji, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam. Taiwan had hoped to join but was left out. Collectively, the IPEF participants account for about 40 percent of the global economy.

The IPEF negotiations are organized into four pillars.

- (1) Higher standards and rules for digital trade, such as cross-border data flows;
- (2) resilient supply chains that will withstand unexpected disruptions like the pandemic;
- (3) targeting green energy commitments and projects and
- (4) implementing fair trade, including rules targeting corruption and effective taxation.

## How are supply chain resilience and economic security risks shaping the contours of global trade?

With the outbreak of the Covid-19 pandemic, supply chain resilience has emerged as a policy priority of all countries. The issue of supply chains has also raised the profile of emerging economies that offer possible alternatives to China as production platforms for multinational firms. All major emerging economies – Vietnam and India are prime examples - are attempting to take advantage of this new focus on supply chain resilience, while (to varying degrees) balancing the economic security risks posed by China's rise. The challenge is to craft trade, investment, and technology policies in ways that promote mutual economic security and enhance international economic rules and norms.

## What is the cost-benefit balance of India's Engagement with the ASEAN, when it comes to China?

The imperative of bringing in India, to balance the overwhelming weight of China, in regional affairs, has been a significant strand of strategic thinking amongst some ASEAN countries. It was no surprise therefore, that as far back as 2005, on the eve of India's participation in the inaugural East Asia Summit, Singapore Senior Minister Goh Chok Tong said:

"I like to think of new Asia as a mega jumbo jet that is being constructed. Northeast Asia, comprising China, Japan and South Korea, forms one wing with a powerful engine. India, the second wing, will also have a powerful engine. The Southeast Asian countries form the fuselage. Even if we lack a powerful engine for growth among the 10 countries, we will be lifted by the two wings."

The importance ASEAN nations have begun to attach to relations with India is reflective of their collective search for ways to balance China's coercive behavior and territorial assertions in the South China Sea.



*Singapore Senior Minister Goh Chok Tong called upon Indian Prime Minister Narendra Modi on 13 December 2017 at PM Modi's residence Source: Prime Minister's Office, India*

The India- ASEAN Dialogue Partnership has progressed steadily over the years. Significant achievements of the Partnership include closer political and security cooperation, particularly through dialogue within the ASEAN centric regional architecture, cooperation in maritime security, counter-terrorism, HADR; trade liberalization through the ASEAN-India FTA in goods and services; cooperation in the area of human resource development; and steadily growing people to people links and connectivity.

An India-ASEAN Special Commemorative Summit was held in December 2012 in New Delhi to mark 20 years of the Dialogue Partnership. During that Summit the leaders adopted the 'Vision Statement' prepared by the ASEAN-India Eminent Persons Group and elevated the relations between India and ASEAN to a Strategic Partnership. Amidst growing tensions between China and ASEAN countries over territorial and maritime claims in the South China Sea, the leaders stressed the need for cooperation in the area of maritime security through greater security cooperation, information sharing and high level security dialogue.



*The Vice President of India, Mr. Jagdeep Dhankar led the Indian participation in the India-ASEAN Commemorative Summit held in Phnom Penh on November 12, 2022. Source Ministry of External Affairs New Delhi.*

Another ASEAN-India Commemorative Summit<sup>30</sup> was held in Phnom Penh, Cambodia on November 12, 2022. The Summit marked the 30<sup>th</sup> Anniversary of ASEAN-India dialogue relations, and the 10<sup>th</sup> Anniversary of the establishment of the ASEAN-India Strategic Partnership. During the Summit, ASEAN and India agreed to celebrate 2022 as the 'ASEAN-India Friendship year', and agreed to upgrade their ties and establish a 'Comprehensive Strategic Partnership'.

India has strengthened bilateral defense and security cooperation with Vietnam, Malaysia, Philippines, Singapore and Indonesia at a time when these countries are seeing rising tensions and territorial disputes with China. India's bilateral defense cooperation with individual ASEAN countries has been institutionalized through the signing of bilateral defense Cooperation Agreements or MOUs. Three forms of cooperation have gained momentum – cooperation between Navies, the maintenance and supply of equipment and assistance for training.

<sup>30</sup> November 13, 2022. Joint Statement on ASEAN-India Comprehensive Strategic Partnership. Asean.org

<https://asean.org/joint-statement-on-asean-india-comprehensive-strategic-partnership/>

China does not feel threatened by India's Dialogue Partnership with the ASEAN, nor does China feel threatened by India's military cooperation with individual ASEAN countries. But China feels threatened by India's inclusion in the Quad, which it views as a quasi-alliance directed at itself. It is possible to argue that Chinese territorial assertions on our northern borders could be partly related to the fact that India has in recent years moved closer to the United States from a strategic perspective. Other reasons could include the narrowing gap in military capability and border infrastructure and the desire to take advantage of the "window of opportunity" provided by the distraction caused by the pandemic.

China's economic engagement with the ASEAN and the ASEAN's participation in value chains emanating from China dwarfs India's economic engagement with the ASEAN. One objective of China's economic engagement with India to achieve supply side domination of the Indian markets through arrangements like the RCEP. This might be unexceptional if it were the outcome of fair competition, but China has consistently flouted the rules of fair trade, from the rules of origin to access to its own market.

While it would appear that at present there are no concerns in China in response to India's engagement with the ASEAN. This may change. If India were to export major weapon systems to ASEAN countries which have territorial disputes with China, we can expect a pushback.

## Conclusion

The following are some key conclusions that we can draw from a study of "ASEAN and the Great Power Contestation in the Indo-Pacific":

First, the geo-economic trends in Southeast Asia over past few decades were being driven by the individual rationality of investors seeking to benefit from the economic opportunity in China, but whose cumulative effects were generating major geopolitical consequences. The tensions between the geopolitical and geo-economic pressures in Southeast Asia were mediated by the interdependence created by cross border production networks. The resurgence of territorial disputes in the South China Sea over the past two decades had clearly signaled a return to the imperatives of geopolitics in the region.

Second, the defining nature of strategic developments since the GFC of 2007-08 is a rising China making territorial assertions in the South and East China Seas and along the India-China border, as well as coercive maneuvering by the PLA Navy off the coast of Taiwan, all part of a broader effort to supplant the

United States as the preeminent power in Asia. The trend has escalated after the COVID-19 crisis that broke out in November 2019.

Third, ASEAN-centric security institutions have largely failed to address the hard security issues that have come to the fore with China's assertive rise. Economic interdependence between the ASEAN and China, and China's soft coercion and offers of investment funds have induced many ASEAN countries to fall in line. As a consequence, ASEAN unity on Chinese claims on the Spratlys and Paracels in the South China Sea has broken down since 2012. Though the ASEAN has embraced the "Indo-Pacific", there is a state of confusion where accommodation of China is writ large and questions are raised against the Quad. While U.S. participation in the EAS was expected to counter the growing Chinese clout in East Asian affairs, there was a risk that regional states would be caught up in the U.S.-China rivalry - and would eventually be forced to choose sides.

Fourth, confrontation, competition and cooperation with China continue to be the paradigm for the United States Strategic policy towards China and represent a tectonic shift from the pattern that has persisted since 1971. The US has focused on its Indo-Pacific Strategy, strengthened its alliances and partnerships and established a web of trilateral and 2+2 dialogues for better policy coordination between US, Japan, Australia and India. The Quad sits at the apex of these dialogues. President Biden has also announced the "Build Back Better for the World" plan, an infrastructure financing mechanism for medium to low income countries designed to offer an alternative to China's BRI.

Fifth, the new Asian Geopolitics is markedly different from that which existed during the Cold War. Then, during the fight against communism the US extended its security umbrella and allowed ASEAN members to focus on economic growth and domestic stability. Now, China has displaced Japan as Asia's largest economy and China's GDP is 5 times that of the ASEAN. ASEAN's capacity to offer a combined response to this new geopolitics is under challenge.

Sixth, ASEAN does not see the Indo-Pacific as a single strategic geography, but rather as a "seamless maritime space" and a "region of dynamic economic integration" comprising of the wider Asia Pacific and Indian Ocean regions. It perceives the Indo-Pacific as lying at the center of geopolitical and geostrategic shifts, which present unprecedented opportunities for economic growth as well as risks of miscalculation and conflict due to the rise of "material powers" in the region. Asia Pacific Countries do not wish to be forced to choose between

the United States and China, and that they wanted to cultivate good relations with both. The ASEAN's consensual approach leaves it ill equipped to lead in the task of forging a regional strategy.

Seventh, when the news of the AUKUS agreement broke on September 16, 2021, ASEAN was taken by surprise. ASEAN has failed to reach a consensus, but sees AUKUS as increasing geopolitical risks in the region and bypassing all notions of ASEAN centrality.

Eighth, over time, the Quad agenda has focussed on providing global goods - the 'Quad Vaccine Partnership', cooperation on climate change, the peaceful uses of outer space, infrastructure, education and critical and emerging technologies. In May, 2022, the Biden administration launched its first major trade initiative, the Indo-Pacific Economic Framework (IPEF). The IPEF is billed as an effort to expand U.S. economic leadership in the Indo-Pacific region, and is seen by some as the economic counterpart of the Quad. With the outbreak of the Covid-19 pandemic, supply chain resilience has emerged as a policy priority of all countries. The challenge is to craft trade, investment, and technology policies in ways that promote mutual economic security and enhance international economic rules and norms.

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