

CHAPTER I

INTRODUCTION

1.1 Background

The international system, as the realist perceived it, has always been one of anarchy and struggle for power. One of the examples of such struggle is the competition between the People's Republic of China and the United States of America as they try to balance each other's presence in the region of Southeast Asia.¹ China has been very involved with the Southeast Asian countries both as a trading partner as well as conflicting party regarding the disputed area of the South China Sea, making them a figure of significant influence over these states.² The influence over the region has further increased with their grand blueprint of including the Southeast Asian countries to their 'Modern 21st century Silk Road', which was much believed to be China's reaction to Obama's 'Pivot to Asia' policy.³ The United States have been trying to counter the rising Chinese influence by getting more engaged in the region as well; firstly through the Trans-Pacific

¹ Kliman, Daniel, and Abigail Grace. "Addressing China's Belt and Road Power Play" *POWER PLAY: Addressing China's Belt and Road Strategy*. (September 2018): 21-28. Accessed February 21, 2020. doi:10.2307/resrep20449.6.

² Egberink, Fenna, and Frans-Paul Van Der Putten. ASEAN, China's Rise and Geopolitical Stability in Asia. Report. Clingendael Institute, 2011. 19-28. Accessed February 21, 2020. www.jstor.org/stable/resrep05396.5.

³ Tzogopoulos, George N. Greece, Israel, and China's "Belt and Road" Initiative. Report. Begin-Sadat Center for Strategic Studies, 2017. 7-9. Accessed February 21, 2020. www.jstor.org/stable/resrep04721.5.

Partnership under the Obama administration, and then through the Indo-Pacific strategy under the Trump administration.⁴

In order to further understand the dynamics of interaction between Great Powers in Southeast Asia, we first need to define the concept of 'Region' and 'Regionalism'. In the book of *'Global Politics of Regionalism: Theories and Practice'*, Mary Farrell defined a region as a territory that continues to change and adapt through the process of regionalism at an uneven pace.⁵ In the same book, Mary Farrell also defined Regionalism as a concept of integration that emerges from the internal dynamics of actors in the region, particularly their motivation and strategies.⁶ The Chinese strategy of Belt and Road Initiative, along with the United States' Indo-Pacific Strategy, can be considered as an example of regionalism.

The Belt and Road Initiative (BRI) came about when China's president, Xi Jinping, proposed the idea of revitalizing the ancient Silk Road trade route which connects China with Europe through the *One Belt One Road* in 2013.⁷ The Initiative would include over 150 states through 5 different routes, which is why the Chinese government believes that the English translation of '一带一路' as 'One Belt One Road' is somewhat misleading, leading to the rebranding of the policy as BRI in

⁴ Ibid

⁵ Farrell, Mary. "The Global Politics of Regionalism: An Introduction." In *Global Politics of Regionalism: Theory and Practice*, edited by Farrell Mary, Hettne Björn, and Van Langenhove Luk, 1-18. LONDON; ANN ARBOR, MI: Pluto Press, 2005. Accessed September 11, 2020. doi:10.2307/j.ctt18fs9dj.5.

⁶ Ibid

⁷ Bērziņa-Čerenkova, Una Aleksandra. *BRI Instead of OBOR – China Edits the English Name of its Most Ambitious International Project*. Analysis. Latvian Institute of International Affairs, 2016. Accessed February 21, 2020. <http://liia.lv/en/analysis/bri-instead-of-obor-china-edits-the-english-name-of-its-most-ambitious-international-project-532>

2016.⁸ Southeast Asia serve as a pivotal region in China's grand economic plan, especially since the ASEAN countries serve as the maritime leg of the BRI.⁹ This explains China's significant investment for the infrastructure building of the area, most notably those of Cambodia and Myanmar.¹⁰ Some of the notable projects include Cambodia's \$10 billion worth Preah Vihear - Kaoh Kong Railway and Malaysia's \$14 billion worth East Coast Rail Link that helps increase domestic connectivity and accessibility.¹¹ Overall, over \$739 billion worth of capital has flown to ASEAN countries for China's BRI infrastructure projects.¹²

The United States, on the other hand, had a project to create a 'mega-regionalism' which was to cover the area surrounding the Pacific Rim, including the region of Southeast Asia, called the Asia-Pacific Regionalism.¹³ This mega-regionalism was initiated when the United States collaborated with the Pacific 4 (Brunei, Chile, New Zealand and Singapore) in 2008 to create a 'Trans-Pacific Partnership' as the framework for their new mega-Regional Trade Agreement.¹⁴ However, this idea was short-lived as the American president Donald Trump has withdrawn from the agreement on 2017, leaving the agreement to its uncertainties.¹⁵

⁸ Ibid

⁹ Mobley, Terry. "The Belt and Road Initiative: Insights from China's Backyard." *Strategic Studies Quarterly* 13, no. 3 (2019): 52-72. Accessed February 21, 2020. www.jstor.org/stable/26760128.

¹⁰ Ibid

¹¹ Yan, Jinny. "The BRI in Southeast Asia" *China's Belt and Road Initiative (BRI) and Southeast Asia*. (October 2018): 4-9. Accessed September 12, 2020. <https://www.lse.ac.uk/ideas/Assets/Documents/reports/LSE-IDEAS-China-SEA-BRI.pdf>

¹² Ibid

¹³ Damuri, Y. (2018). How might the Trans-Pacific Partnership Affect the Game? In Drake-Brockman J. & Messerlin P. (Eds.), *Potential Benefits of an Australia-EU Free Trade Agreement: Key Issues and Options* (pp. 75-94). South Australia: University of Adelaide Press. Retrieved February 21, 2020, from www.jstor.org/stable/j.ctv9hj94m.12

¹⁴ Ibid

¹⁵ Ibid

Instead, Trump has led the United States to move on to a new framework of ‘Indo-Pacific Strategy’ (IPS) with Japan and India.¹⁶ This was often viewed as a revision of Obama’s Asia-Pacific rebalancing strategy, the “Pivot to Asia”, with the extension of including India and the Indian Ocean amongst other things.¹⁷

The importance of this strategy is reflected in the decision of the United States to rename their ‘Asia-Pacific Command’ to the ‘Indo-Pacific Command’.¹⁸ The strategy was critical to the United States’ strategic interests in the region, especially regarding the access to key maritime trade routes such as the Pacific and Indian Oceans.¹⁹ In the United States Department of Defense Indo-Pacific Strategy Report, they highlighted some important points such as maintaining the access to open waters for all nations, including them, through their Freedom of Navigations Operations (FONOP) and strengthening their traditional security allies in the region such as Philippines, Australia and Japan, all of which are part of the IPS.²⁰ In 2018, during the Shangri-La Dialogue of the 17th Asia Security Summit, the US Senate has expressed his disappointment in China’s unkept promise of keeping the South China Sea un-militarized, and that US will continue to operate within the permitted

¹⁶ Chen, Dingding. “The Indo-Pacific Strategy: A Background Analysis.” ISPI. ISPI, June 4, 2018. <https://www.ispionline.it/it/pubblicazione/indo-pacific-strategy-background-analysis-20714>.

¹⁷ Ibid

¹⁸ Berkofsky, Axel, Sergio Miracola, and Nicola Missaglia, eds. “Indo-Pacific: Towards the Transformation of Asia’s Geopolitics?” ISPI. ISPI, June 8, 2018. <https://www.ispionline.it/it/pubblicazione/indo-pacific-towards-transformation-asias-geopolitics-20698>.

¹⁹ US Department of Defense, *Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region*. (Washington D.C.: US Department of Defense, June 2019).

²⁰ Ibid

limits of the International Law to keep the freedom of navigation not only in the South China Sea, but also in other areas where freedom is threatened.²¹

Furthermore, the strategy itself also looks to strengthen and expand the economic relations of the United States with its members, including their big trade partners such as Japan, South Korea, Hong Kong, Australia, India and Taiwan (Republic of China).²² Based on the document published by the US Department of State, they have conducted a total of over \$1.9 billion worth of two-way trade with the Indo-Pacific region in 2018, making them one of the key economic regions for American trade.²³

The United States government has put out a statement about the inclusivity of the IPS, and how they would like to ‘exclude no nations’ in the framework²⁴, but the absence of China as Asia’s economic powerhouse is clearly noticeable from the strategy. Another key aspect of the IPS is the inclusion of India, who has rejected China’s invitation to the BRI and openly criticized it.²⁵

The IPS introduced by the United States covers an extended area which includes the United States as the leader, along with Japan, India, Australia, and the

²¹ Sullivan, Dan. “Strategic Implications of Military Capability Development in the Asia-Pacific”. 17th Asia Security Summit Shangri-La Dialogue, International Institute for Strategic Studies (IISS), Singapore, June 2, 2018

²² United States. Department of States. A FREE AND OPEN INDO-PACIFIC Advancing a Shared Vision. Washington: 2019. <https://www.state.gov/wp-content/uploads/2019/11/Free-and-Open-Indo-Pacific-4Nov2019.pdf>

²³ Ibid

²⁴ Hartman, Leigh, and Leigh Hartman. “What Is the U.S. Indo-Pacific Strategy?” ShareAmerica. US Department of State, September 23, 2019. <https://share.america.gov/what-is-u-s-indo-pacific-strategy/>.

²⁵ Rej, Abhijnan. "Is China's Belt and Road Initiative Strategic? Perhaps Not." The Diplomat. August 26, 2020. Accessed September 12, 2020. <https://thediplomat.com/2020/08/is-chinas-belt-and-road-initiative-strategic-perhaps-not/>.

Southeast Asian countries as key members.²⁶ The exact geographical coverage of the strategy itself is still subject to the interpretation of its member countries according to their respective interests and perceptions, and is therefore still undergoing a process of change and adaptation.²⁷ One of the cornerstones of their geopolitical project is, much like China's BRI, the region of Southeast Asia; this was reflected from the document they released in 2019 which states that:

*“ASEAN is the top destination for U.S. investment in the Indo-Pacific. In 2018, cumulative U.S. investment in ASEAN was \$271 billion, more than U.S. FDI in China and Japan combined.”*²⁸

It should also be mentioned that unlike China's pragmatic approach in building physical infrastructures for economy, the IPS focuses more on building frameworks such as the Infrastructure Transaction and Assistance Network (ITAN) and the Blue Dot Network which tries to cater the infrastructure needs of the Indo-Pacific members through Western-style institution building.²⁹

The Quad (Quadrilateral Security Dialogue), which consists of the United States, Japan, India and Australia, held a meeting in early October 2020 to reconsolidate their stances on the Indo-Pacific Strategy.³⁰ The high level meeting consists of the foreign ministers of the four members, where they exchanged their

²⁶ Ibid

²⁷ HARUKO, WADA. Report. S. Rajaratnam School of International Studies, 2020. Accessed September 11, 2020. doi:10.2307/resrep24283.

²⁸ United States. Department of States. *A FREE AND OPEN INDO-PACIFIC Advancing a Shared Vision*. Washington: 2019. <https://www.state.gov/wp-content/uploads/2019/11/Free-and-Open-Indo-Pacific-4Nov2019.pdf>

²⁹ Ibid

³⁰ The Japan Times Editorial. "The 'Quad' Offers Hope for a Free and Open Indo-Pacific." The Japan Times. October 08, 2020. Accessed October 28, 2020. <https://www.japantimes.co.jp/opinion/2020/10/08/editorials/quad-offers-hope-free-open-indo-pacific/>.

view on the Chinese threat in Indo-Pacific as well as the importance of ASEAN centrality in the regional dynamics.³¹ The meeting serve as an opportunity to reinforce the commitment of its members to the vision of a 'Free and Open Indo-Pacific' which is being challenged by Chinese rising dominance in the region, especially in the South China Sea.³² China has spoken out on the Quad, warning against them forming an exclusive group which may target and undermine third party (Chinese) interests.³³ Albeit the United States expressing their desire to formally institutionalize the Quad, China calls the idea 'nonsense' and believes that such institutionalization will be unlikely.³⁴ However, regardless of institutionalization, we can see that the Quad are indeed committed to the idea of 'Free and Open Indo-Pacific' as expressed by Mike Pompeo, the US Secretary of State, during his visit to Indonesia in late October where he stated that Indonesia was an important pillar to the Free and Open Indo-Pacific, to the rule-based order in Southeast Asia especially due to its strategic location.³⁵ Japanese Prime Minister Yoshihide Suga has also chosen Vietnam and Indonesia for his first overseas visit, promoting the same idea and concept of 'Free and Open Indo-Pacific' which aims

³¹ The Japan Times Editorial. "The 'Quad' Offers Hope for a Free and Open Indo-Pacific." The Japan Times. October 08, 2020. Accessed October 28, 2020. <https://www.japantimes.co.jp/opinion/2020/10/08/editorials/quad-offers-hope-free-open-indo-pacific/>.

³² Ibid

³³ Ibid

³⁴ Ibid

³⁵ Karmini, Naniek & Mari Yamaguchi. "Japan's PM, in Indonesia, says SE Asia key for his nation". AP News. The Associated Press. October 20, 2020. Accessed October 29, 2020. <https://apnews.com/article/virus-outbreak-yoshihide-suga-south-china-sea-tokyo-jakarta-57956334a1c8df2376c9adcd65054a3b>

to counter Chinese rising dominance in the region, most notably in South China Sea.³⁶

Therefore, this research would like to assess the implications of China's strategy in Southeast Asia towards the strategic interests of the United States, as well as the response of the United States towards the BRI in Southeast Asia and how they attempt challenge it through their IPS.

1.2 Research Questions

Based on the preliminary discussion, this research would like to propose the following research questions:

1. What is the implication of China's Belt and Road Initiative for the strategic interest of the United States in Southeast Asia as a part of the Indo-Pacific region?
2. How does the United States respond to China's policy of Belt and Road Initiative?

1.3 Research Objectives

The objective of the research is for the following purposes:

First, to describe the implications of China's BRI towards the strategic interests of United States in Southeast Asia as a part of the Indo-Pacific region. Being a part of the maritime leg of the initiative, the Southeast Asian countries are in the position of receiving a huge amount of

³⁶ Karmini, Naniek & Mari Yamaguchi. "Japan's PM, in Indonesia, says SE Asia key for his nation". AP News. The Associated Press. October 20, 2020. Accessed October 29, 2020. <https://apnews.com/article/virus-outbreak-yoshihide-suga-south-china-sea-tokyo-jakarta-57956334a1c8df2376c9adcd65054a3b>

influence from the People's Republic of China. This Chinese influence can therefore affect the strategic interests of the United States in Southeast Asia. Therefore, there is a need to find out the possible implications of the Chinese actions in Southeast Asia on the United States' strategic interests.

Second, to explain the actions taken by the United States in response to China's policy of BRI in the region of Southeast Asia. With the rise of Chinese influence in the region through the BRI, it became apparent that the United States must take actions to balance the increasing Chinese power in Southeast Asia. Therefore, it is necessary to analyze how the United States challenge the Chinese presence in Southeast Asia through their IPS.

1.4 Research Contribution

The result of the research focus on a comparative study between the consequences of China's BRI and the United States' IPS in Southeast Asia. It describes how the United States challenge the BRI in Southeast Asia through the IPS.

The research will also highlight the importance of geopolitics and balance of power in the region, along with the analysis of the hedging behavior Southeast Asian countries when dealing with great power. The research was made in hopes that it might be beneficial academically for other researchers of similar or related topic, practically to the practitioner of politics and policy maker in the region, as well as generally for the public who is interested in the issue.

1.5 Structure of Writing

The first chapter, which is the introduction, provides the background of the research topic which will be discussed, including the research questions, research objectives as well as the research contributions.

The second chapter, which is the theoretical framework, provides the theoretical foundations of the research including the International Relations Theories and key concepts which will be used in the further understanding of the topic. It also includes peer-reviewed research materials regarding the topic.

The third chapter, which is the research methodology, provides the explanations of the research methodology and approach of the research, along with the data collection techniques used during the research process and the method of data analysis.

The fourth chapter, which is the analysis, provides the main arguments of the research which is drawn from the data which has been collected regarding the topic discussed, and elaborates the dynamics of relations between the United States and China in Southeast Asia, as well as their actions through the IPS and BRI respectively.

The fifth chapter, which is the conclusion and recommendations, provides a summary of the research which has been conducted along with its conclusion. It also includes a recommendation for the states in Southeast Asia, for the United States and also for the People's Republic of China.