

Intensifying US-China Strategic Competition in the Indo-Pacific and ASEAN Faced with Challenges

The new US administration of President Joe Biden has clearly committed to a “free and open Indo-Pacific” (FOIP), and cooperation through the QUAD has been deepened significantly by the holding of summit meetings and the agreement and implementation of concrete cooperation. The United States, the United Kingdom and Australia have launched AUKUS as a new security framework. Faced with the challenges of dealing with the military coup in Myanmar and the coronavirus



President Joe Biden walks to the Quad summit with, from left, Australian Prime Minister Scott Morrison, Indian Prime Minister Narendra Modi, and Japanese Prime Minister Yoshihide Suga, September 2021. (Photo by AP/ Aflo)

pandemic, ASEAN has not made notable progress in its efforts to put the ASEAN Outlook on the Indo-Pacific (AOIP) into practice, while external actors such as the United States and China have stepped up their approaches to ASEAN. In the economic realm, it has been confirmed that the Regional Comprehensive Economic Partnership (RCEP) will come into effect in January 2022, and China and Taiwan have applied to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Deepening Cooperation through the QUAD and the Birth of AUKUS

The Biden administration has placed importance on the Indo-Pacific region in its foreign and security policy, clearly committed to the FOIP, and articulated its policy of emphasizing cooperation and collaboration with allies and friends. The QUAD, a quadrilateral framework for cooperation among the US, Japan, Australia and India, has raised its meetings to the summit level, and has become an important platform for the four countries to agree and implement concrete cooperative measures, including cooperation for the provision of public goods such as vaccines and infrastructure in the Indo-Pacific region, and the announcement of a common policy on critical and emerging technologies. The United States has also launched AUKUS, a new framework for security cooperation in the Indo-Pacific, together with the United Kingdom and Australia.

Regarding the QUAD, a foreign ministers’ telephone talk was held at the initiative of the United States in February, shortly after the inauguration of the Biden administration. In March, the first summit meeting

was conducted online, also led by the United States, and three working groups were agreed on: vaccines, critical and emerging technologies, and climate change. In September, the first face-to-face summit meeting was held in Washington, where it was agreed to regularize the summit meeting. At the summit meeting, progress in vaccine cooperation was confirmed, and in the area of critical and emerging technologies, the Japan-US-Australia-India “Principles on Technology Design, Development, Governance and Use” were issued and the Semiconductor Supply Chain Initiative was launched. In addition, new working groups in the areas of cyber security and space and an infrastructure coordination group were established, and a decision was made to establish a Quad Fellowship program. The four countries’ commitment to a “free and open Indo-Pacific” (FOIP) and their support for ASEAN’s unity and centrality were repeatedly affirmed in a series of QUAD meetings, and the September summit welcomed the EU’s new Indo-Pacific strategy.

Providing high-quality infrastructure to the Indo-Pacific region is one of the areas of cooperation emphasized by the QUAD. In December, Japan, the US and Australia announced they would be cooperating in laying subsea cables to eastern Micronesia. In a joint statement, the three countries noted that the project is not just an infrastructure investment but also a response to the economic and strategic challenges facing the region.

On the security front, following Australia’s participation in the Malabar exercise for the first time in several years in 2020, Australia and India confirmed their intention to engage in continued quadrilateral exercises at a 2+2 meeting held in September. In addition, opportunities for conducting exercises among the four countries increased, such as the participation of Japan and India in Exercise Talisman Sabre led by the US and Australia. Furthermore, cooperation with countries outside the region was strengthened, with one European country after another sending naval vessels to the region and conducting exercises with QUAD countries (see Chapters 4 and 6).

Australia-China and India-China relations remained tense. At the border between China and India, there have been attempts to ease tensions through the partial withdrawal of troops by both sides and foreign ministers’ meetings, but the situation has not yet fundamentally improved, with the two militaries clashing anew in September and deploying more defense equipment. Apparently with India in mind, China also passed a law on its land borders set to take effect in January 2022, and decided to establish defense facilities on the Chinese side of the border. In response, India has been working to improve its ability to counter China by, for example, acquiring satellite data under an agreement reached with the United States in October 2020. There have also been no signs of improvement in China-Australia relations. With China restricting imports of Australian coal and agricultural products since 2020, Australia has been revising or canceling

agreements previously signed with China as incompatible with Australia's foreign policy. Australia followed the United States in announcing a diplomatic boycott of the Beijing Olympics in December.

On September 15, the leaders of Australia, the United Kingdom and the United States announced the establishment of AUKUS, which takes its name from the initials of the three countries, creating an important new framework for security cooperation in the Indo-Pacific region. As the first initiative under this framework, it was agreed that the US and the UK would support Australia in acquiring at least eight nuclear submarines. At the press conference announcing the establishment of AUKUS, President Biden stressed that the future of the three countries and the world depends on a free and open Indo-Pacific enduring and flourishing in the decades ahead. The AUKUS framework will also include cooperation in advanced technologies such as cybersecurity, quantum computing and artificial intelligence. Japan welcomed the new framework, while China and Russia made clear their opposition. Opinions among ASEAN member countries differed, with some expressing concerns while others taking the news positively.

Political Upheaval in Myanmar and Challenges Facing ASEAN

On February 1, a military coup occurred in Myanmar, reversing the tortuous course of democratization that had been taking place in the country, dealing a blow to the progress of democratization in Southeast Asia, and significantly impacting ASEAN unity and integration. Myanmar's military has detained senior members of the government, including State Counsellor Aung San Suu Kyi, President Win Myint and senior members of the National League for Democracy (NLD), while the Commander-in-Chief of Myanmar's Defense Services, Min Aung Hlaing, declared a state of emergency and announced the transfer of the whole national authority to the military command. The military crackdown on civilians who refuse to accept the coup and continue to resist has resulted in many casualties, and no solution has yet been found despite the efforts of ASEAN and the international community.

ASEAN adheres to a basic principle of non-interference in internal affairs, but a Leaders' Meeting in April produced the "Five-Point Consensus" that included an immediate cessation of violence, the commencement of dialogue among all parties, the appointment of a special envoy to mediate the dialogue process (the second foreign minister of Brunei, which holds the ASEAN Chair, was selected), humanitarian assistance from ASEAN, and a visit by the special envoy to Myanmar to meet all parties. The G7 and the QUAD also supported the Five-Point Consensus and called for its prompt implementation. However, Myanmar did not agree to ASEAN's repeated requests to accept the special envoy, nor did it stop the violence. As a result, ASEAN made the unusual decision to reject the participation of Commander-in-Chief, General Min Aung Hlaing, in the October Summit. There has been continued

resistance from citizens and ethnic minorities in Myanmar who oppose the junta, and there is no prospect of a breakthrough in the immediate future.

ASEAN countries and the South Asian region including India saw a significant spread of coronavirus infections in 2021 that claimed many lives and had a major impact on the region's politics, economies and societies. Following the spread of infections in India, the number of new daily cases in Southeast Asia rose rapidly, reaching the 100,000 level across ASEAN in the first half of August. In Indonesia, where ASEAN is headquartered, the number peaked around July and has reached more than four million cases and 140,000 deaths by the end of 2021. The number of cases also increased in Vietnam and other countries in the region, causing major disruptions to supply chains that led to difficulties in procuring raw materials and delays in deliveries due to the suspension of plant operations. (see Chapter 9)

Faced with the challenges of dealing with the issues surrounding Myanmar and the coronavirus pandemic, ASEAN in 2021 did not make notable progress in its efforts to put the ASEAN Outlook on the Indo-Pacific (AOIP) into practice, while external actors such as the US and China stepped up their lobbying of ASEAN and its member states. As part of its Indo-Pacific policy, the Biden administration sought to improve relations with ASEAN countries, which the Trump administration had been accused of downplaying, particularly with Singapore and Vietnam. In July, Secretary of Defense Lloyd Austin visited Singapore, Vietnam and the Philippines, and Vice President Kamala Harris visited Singapore and Vietnam. In October, the US-ASEAN Summit was held for the first time in four years, and the United States pledged approximately US\$100 million in assistance in the areas of COVID-19 and climate change mitigation. In December, Secretary of State Antony Blinken visited Indonesia and Malaysia, delivering a policy speech entitled “A Free and Open Indo-Pacific” in the former, but his scheduled visit to Thailand was cancelled due to coronavirus infections. On the occasion of the G7 Foreign Ministers' Meeting held in the United Kingdom in December, a joint meeting with ASEAN was held for the first time.

While the United States' return to Southeast Asia was welcomed by Indonesia and other countries, ASEAN countries have increasingly developed ties with China in the economic arena, and China has actively engaged in diplomacy with ASEAN by conducting visits in a manner to counter those by US cabinet officials and actively supplying vaccines. In November, President Xi Jinping attended a special summit marking the 30th anniversary of the establishment of dialogue between China and ASEAN, and ASEAN announced that it would be upgrading its ties with China from a “strategic partnership” to a “comprehensive strategic partnership”. The summit's joint statement called on the participating parties to seek out areas of cooperation that would benefit both AOIP and the Belt and Road Initiative, and President Xi made five proposals that covered such topics as vaccine supply, maintenance of peace in the South China Sea, and Chinese economic assistance for ASEAN.

RCEP Enforcement and CPTPP Developments

It was confirmed that the RCEP, signed in November 2020, will enter into force on January 1, 2022 in ten countries – Japan, Australia, Brunei, Cambodia, China, Laos, New Zealand, Singapore, Thailand and Vietnam – as these countries have completed the domestic procedures and met the conditions required for enforcement. It will take effect in South Korea in February 2022 once the requisite domestic procedures have been completed. As a result, a new free trade agreement (FTA) will be concluded among Japan, China and South Korea, which had no pre-existing FTA in place.

Regarding the CPTPP, chaired by Japan in 2021, the United Kingdom formally began the process for accession in June. China formally applied for membership in September, followed by Taiwan. Thailand and South Korea are preparing to apply, and South Korea announced in December that it would be seeking to apply during the Moon administration. The official statement from China stated that China has been a staunch supporter of trade liberalization and an important



Ships during the second phase of the Malabar naval exercise in which India, Australia, Japan and the U.S are taking part in the Bay of Bengal in the Indian Ocean, October 2021. (Photo by AFP/Aflo)

participant in the economic integration of the Asia-Pacific region, and referred to further promoting regional cooperation and economic integration by China's participation in the CPTPP now that the RCEP negotiations have concluded. Suggestions have been made about China's intentions, including seeking to lead the process for shaping trade rules, the country's pursuit of internal reforms, and the impact of the US-China trade war, but there remain uncertainties, including its negotiating stance.

Perspectives and Recommendations

The Biden administration is committed to a "free and open Indo-Pacific" and is expected to continue to work actively to strengthen the QUAD and promote cooperation through AUKUS. The development of the QUAD into a platform for promoting concrete cooperation among the four member countries across a wide range of fields is welcomed, including the provision of public goods such as vaccines and infrastructure in the Indo-Pacific region and the announcement of common policies on important and emerging technologies. It is important for Japan to continue pursuing concrete cooperation through the QUAD as one of the useful frameworks that contribute to the FOIP concept. At the same time, it is important to pay close attention that the QUAD's advantages as a flexible cooperative framework among a

small number of friendly countries are not undermined by excessive structuring or an overly diverse scope of activities, and that the QUAD makes further progress in the promotion of a rule-based international order consistent with the values of freedom and democracy and in the area of security cooperation. Synergies will naturally arise with AUKUS, two of whose participants – the US and Australia – are also QUAD members, through Japan-US, Japan-Australia bilateral cooperation and trilateral cooperation among those countries. In addition, active promotion of Japan's closer cooperation with the UK on security matters is hoped for, as it will also lead to strengthening the ties between the two frameworks. More thorough explanations on how the QUAD and AUKUS frameworks can contribute to regional security and FOIP will be needed to gain the understanding and support of ASEAN and other regional countries, and Japan can play an important role in this regard with respect to the QUAD.

Multilayered initiatives, including bolstering collaboration with ASEAN member states advocating AOIP and other countries in the region as well as European nations and others outside the Indo-Pacific that share fundamental values, will continue to be essential for promoting FOIP. It is essential that Japan actively support ASEAN's efforts to put the AOIP into practice and actively provide assistance to ASEAN countries as well as to the Pacific Island countries that took part in the triennial Pacific Islands Leaders Meeting in 2021 in such areas as vaccine supply, including support for the “last mile”, greater connectivity through the development of high-quality infrastructure, and the maintenance of the maritime order. Japan needs to engage in continuous dialogue with the European countries that significantly strengthened their commitment to the Indo-Pacific in 2021, and to continue undertaking specific activities aimed at promoting cooperation with these countries such as the dispatch of naval vessels and joint exercises carried out in 2021, and Japan's proactive initiatives are expected.

On the issue of Myanmar, Japan needs to continue its steadfast diplomatic efforts to support ASEAN's mediation efforts, effectively utilizing both its close relationship with the United States which shares its fundamental values, and its traditional channel of dialogue with Myanmar's military, in order to bring about an early resolution to the situation.

In the economic domain, about 70% of the FTAs and economic partnership agreements (EPAs) used by Japanese companies are in the RCEP region. Because RCEP incorporates business-friendly elements such as “accumulation” and “self-certification” in its rules of origin, it increases the options available to companies for building supply chains, so it is expected that RCEP will be used frequently. The strategic significance originally aimed for by the TPP is well understood in Japan, and while Japan hopes the US will return, there are few voices welcoming China's participation. The Biden administration has stated that the US will not rejoin the TPP and that it will leave the decision on whether China joins the

agreement to member states. The United States lost its Trade Promotion Authority (TPA) at the end of June while Congress has made little attempt to extend it, meaning it is highly unlikely that the US will return to the CPTPP. It has been pointed out that negotiations with China will provide a chance to rectify its various actions. Taiwan has applied for membership as an independent customs territory, and this poses no problems under the CPTPP provisions, which are also consistent with WTO rules. At the APEC Economic Leaders' Meeting in November, Japanese Prime Minister Fumio Kishida signaled his commitment to maintaining the CPTPP's high standards in terms of both market access and rules, and it is important that these principles be upheld in considering membership applications. Furthermore, it is imperative that Japan reinforce its capabilities to create, enforce and monitor trade rules that support free trade through a multi-layered approach that employs multilateral trade structures and FTAs such as the RCEP and CPTPP. Stressing to the US the importance of the CPTPP in the context of its own China policy and involving the US through greater collaboration on labor, environmental and high-tech issues could serve as the building blocks for maintaining and strengthening the trade system. ■