



Sigur Center for Asian Studies

THE GEORGE WASHINGTON UNIVERSITY

Regional Trends in the Indo-Pacific: Towards Connectivity or Competition?

With China's celebration of the fifth anniversary of its Belt and Road Initiative, the Regional Comprehensive Economic Partnership (RCEP) gaining speed, and India and Japan's Asia-Africa Growth Corridor (AAGC) in development, it appears that the Indo-Pacific is moving toward connectivity. However, security considerations, trade tensions, and criticisms of each initiative persist. [Experts on Japan, India, and China convened at The George Washington University](#) to discuss each country's calculus and the general trends in the region at an event co-sponsored by the Rising Powers Initiative and the Sigur Center for Asian Studies. Moderator and RPI Director Deepa Ollapally posed three broad questions to the panel: What does the concept of "Indo-Pacific" mean to each country? What are the primary motivations behind their vision of the Indo-Pacific? Is the region moving toward connectivity and cooperation or competition and conflict?

Japan

Mike Mochizuki, Associate Professor of Political Affairs and Gaston Sigur Chair in Japan-US Relations at The George Washington University, explained that Japanese Prime Minister Shinzo Abe's "Free and Open Indo-Pacific" concept is not new in Japanese foreign policy. Following the Asian Financial Crisis of 1997, Japan began to expand its

vision of “East Asia” by focusing on ASEAN. Notably, Japan advocated for an alternative to the China-backed ASEAN+3 (China, Japan, and South Korea) format to one that also included India, Australia, and New Zealand (ASEAN+6), which is developing into the Regional Comprehensive Economic Partnership (RCEP) multilateral free trade agreement. During the administration of Prime Minister Junichiro Koizumi, Japan also began antipiracy and refueling operations in the Indian Ocean to support the US military after the September 11, 2001 terrorist attacks. Japan’s recent ventures, such as the AAGC, are thus best understood not as a radical shift in foreign policy, but as innovative expansions.

The major drivers behind this are the rise of China and concerns about the long-term direction of US foreign policy after the end of the Cold War. There is a wide consensus that Japan needs to be more proactive in shaping a regional and global environment that is

congenial to Japan’s own long-term interests. Although the security alliance with the US is critical in this regard, it is increasingly becoming insufficient. Given that Japan has still not fully recovered from its financial recession in the 1990s, “checkbook” diplomacy is not a viable option and domestic resistance to expand use of the Self-Defense Forces abroad prevents a reliance on military force. Thus, Japan promotes the Free and Open Indo-Pacific in terms of shared values and norms, and views the strategy as a holistic approach to securing both its strategic and economic interests abroad, or what the Japanese refer to as “comprehensive security.”

As to whether or not the region is headed toward connectivity or competition, the biggest concerns for Japan are the tensions in US-China relations and the ability for Japan and other countries in the region to moderate the negative effects without drawing the ire of either the US or China in the process. Although some analysts in Japan argue for direct and aggressive competition with China, the Abe administration is moving toward the alternative,

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which is a mixed strategy of soft competition and positive engagement. Despite its wariness about China, Japan acknowledges that China is a central part of both the Asian and global community that cannot realistically be ignored or contained.

India

Jagannath Panda, Research Fellow and Head of the East Asia Centre, Institute for Defence Studies and Analysis (IDSA) in New Delhi, explained that India also sees the Indo-Pacific strategy as a convergence on liberal values in the region. India prioritizes Southeast Asian and ASEAN countries as the center for the region and has engaged in numerous connectivity and development projects. As part of its Go West policy, India has been working with Iran and Afghanistan to develop alternative links to Central Asian countries. The most recent development is the proposed Asia-Africa Growth Corridor (AAGC)

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with Japan, that will expand the region along India’s historical and contemporary ties to Africa.

According to Panda, this is a prime example of the defining characteristic of India’s conceptualization of the Indo-Pacific: inclusiveness. Until recently, Indian foreign policy has relied on nonalignment, but even as India becomes a major player, it is “aligning without alliance,” and promoting strategic economic development and collective security. Just as African countries are included in this view, China is not inherently excluded from India’s regional connectivity projects, however, India expects China to be a responsible player. Despite the tensions in China-India relations and India’s support for the Washington Consensus, India also subscribes to the Beijing Consensus because it provides a valuable alternative development model that promotes the protection of emerging economies. Thus, India participates in China-led projects such as the Asian Infrastructure Investment Bank (AIIB) and BRICS (Brazil, Russia, India, China, and South Africa). Its recent efforts on the AAGC should thus be understood as an alternative to China’s BRI rather than a direct competitor. India’s concerns with the BRI

are its bilateral format that puts recipient countries at a disadvantage in negotiations for investment. The AAGC is designed to be consultative, transparent, and grounded in liberal norms.

Panda argued that because the region is in a state of flux there would most likely be some conflict, but there is room for both the liberal and alternative worlds to cooperate and grow in the region. To mitigate conflict, countries in the region should develop consultative measures and prioritize cooperation and constructive engagement.

China

Robert Sutter, Professor of Practice of International Affairs at The George Washington University, reined in hyperbolic expectations and descriptions of the BRI that have been dominating US policy circles. Echoing Panda, he reiterated that the BRI is inherently bilateral, but explained that China is primarily interested in using the BRI to support its domestic concerns. Economic growth, which was as high as 20 percent when it joined the World Trade Organization, has dropped to almost zero. BRI projects abroad provide a market for China's overcapacity for production, facilitate the relocation of Chinese firms to areas that are more competitive in terms of labor costs, increase trade and use of Chinese currency abroad, and reduce vulnerability to US interference in its trade routes. Domestically, BRI-funded projects connect the poorer southern and western regions of China to foreign markets directly, increase domestic consumption of goods, and provide funding for infrastructure projects that have stagnated in recent years. The BRI also creates an image of international prestige and power that can serve as evidence of success in achieving the goals set by the 19th Party Congress: the recent inclusion of Latin American countries is on its face not practical, but adds to the BRI's reputation of dominance.

Sutter noted, however, that the BRI is already demonstrating the same pitfalls of its "Going Out" policy in the early 2000s: despite the fanfare and promises, many projects are not completed and promised funds are slow in reaching their recipients—if ever. Similarly, while there has been international criticism of China making exploitive loan terms, China is also not willing to invest in high-risk ventures where development aid is most needed. Studies of China's efforts in Africa show that while it is a

player on the continent in terms of development aid and investment, it is hardly “dominant.”

Thus, Sutter concluded that while the BRI will have many projects abroad, China will not engage in poorer countries, nor will it dominate in Africa or the Indo-Pacific region. China is open to cooperation with countries like India and Japan—even the US—when interests overlap. Such cooperation would help offset the financial risks of larger projects.

Conclusion

The Indo-Pacific seems to be moving toward connectivity, but may experience conflicts and tensions in the process. The degree to which such conflict can be minimized is tied to the US’s foreign policy in the region. The major powers of the Indo-Pacific, especially Japan, are largely motivated by their uncertainty about US foreign policy. The US has instigated a trade war with China and aggravates liberal countries’ efforts to engage cooperatively in the region. The decision to backout of the Trans-Pacific Partnership (TPP) and impose tariffs on regional allies has also motivated India and Japan to hedge their bets elsewhere. There remain, however, opportunities for the US to contribute to a smoother transition to connectivity by supporting joint projects and trade agreements that promote the development of consultative frameworks and meaningful cooperation.

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This Asia Report is the third in a three-part series on connectivity and competition in the Indo-Pacific. The first and second Policy Briefs, “Between the AAGC and BRI: Japan’s Emerging Calculus” and “The AAGC: India’s Indo-Pacific Fulcrum?” are available at www.risingpowersinitiative.org.

About the Rising Powers Initiative and Sigur Center for Asian Studies

The Sigur Center's Rising Powers Initiative examines how domestic political debates and identity issues affect international relations in Asia. RPI acknowledges support from the MacArthur Foundation and Carnegie Corporation of New York for its activities..

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houses the Rising Powers Initiative, a multi-year, multi-project research effort that studies the role of domestic identities and foreign policy debates of aspiring powers.

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