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MIND THE GAP: NATIONAL VIEWS OF THE FREE AND OPEN INDO-PACIFIC

EDITED BY SHARON STIRLING



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Please direct inquiries to:
The German Marshall Fund of the United States
1744 R Street, NW
Washington, DC 20009
T 1 202 683 2650
F 1 202 265 1662
E info@gmfus.org

This publication can be downloaded for free at <http://www.gmfus.org/listings/research/type/publication>.

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MIND THE GAP: COMPARING VIEWS OF THE FREE AND OPEN INDO-PACIFIC

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INTRODUCTION

AARON FRIEDBERG AND SHARON STIRLING

When the eighth iteration of the Young Strategists Forum (YSF) took place in January 2018, the concept of the “free and open Indo-Pacific” (FOIP) was uppermost in the mind of virtually every policymaker, diplomat, and official in Tokyo. At the same time, the term was then still little more than a catchphrase, a geographical framing originally articulated by Japan’s Prime Minister Shinzo Abe in 2016 that had taken root in the U.S. policy lexicon after it was adopted by the administration of President Donald Trump, during a speech by Secretary of State Rex Tillerson in October 2017.

As in previous years, the eighth YSF began with a seminar and discussion of the security dynamics in Asia, with a particular focus on the U.S.-Chinese relationship. This was followed by a grand strategy simulation exercise in which participants were divided into country teams and asked to specify a set of national objectives and to devise a strategy for attaining them over a 20-year time period. The teams were then asked to make decisions allocating resources across military, economic, and diplomatic policy tools, and to respond to a sequence of complex regional crises. The key lesson from the exercise was that, in an era of intensifying strategic competition with China and a perceived relative decline in U.S. power, the United States needed to be prepared to seize the initiative if it is to achieve its long-term objectives. Participants observed that, instead of simply managing crises and attempting to restore the status quo as quickly as possible, Washington needed to exploit the opportunities provided by crises to solidify its alliances and win support from other potential partners.

Given the lessons learned during the week in Tokyo, it is no surprise that the actualization of the free and open Indo-Pacific was a recurring theme in the

contributions by participants for the annual YSF publication. Compiled in this report, these present a wide range of views of the FOIP concept, examining its diplomatic, economic, and security dimensions. The purpose of this report is to highlight potentially differing visions and variations in understanding of the FOIP, as well as identifying areas for possible increased cooperation.

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In addition to the views of several regional actors, the report includes perspectives from France, Germany, and the United Kingdom. While some criticized the Obama administration’s “pivot to Asia” as a strategy that might cause the United States to turn away from Europe, the FOIP is in part clearly intended to deepen Europe’s presence in, and engagement with, the region. Transatlantic perceptions of what is at stake in Asia have also converged markedly over the past decade. Reading the EU’s 2018 connectivity strategy and its China strategic outlook paper released in March 2019,

it is clear that European governments are increasingly concerned about Beijing's strategic approach and economic aspirations, and not only in its immediate neighborhood but in Europe as well. Europeans may not yet be ready to follow the United States' lead in labeling China a strategic competitor, but EU planners now openly identify it as a "systemic rival."

What follows is not a comprehensive summary of the report's chapters, but a highlighting of some of the key insights they provide.

Diplomatic Dimensions

Despite the Trump administration's focus on building a free and open Indo-Pacific and its declared intention to compete more vigorously with China, there are growing concerns about long-term trends in the United States' material capabilities and about the enduring strength of its commitment to Asia. This can be attributed in part to the administration's early decision to withdraw from the Trans Pacific Partnership (TPP) and the president's failure to attend the 2018 ASEAN and APEC summits. In a region where commitment is still measured in part by a willingness to be physically present, some perceived the president's absence as a sign of disinterest, if not disrespect. And the administration's withdrawal from the Joint Comprehensive Plan of Action with Iran and the Paris Climate Accord—regardless of the merits of these decisions—raised doubts about future U.S. commitments to multilateral agreements, procedures, and institutions. Questions about the wisdom of U.S. leadership and even about the stability of U.S. domestic political processes now weigh heavily on the minds of even the United States' closest friends. Given the perceived gyrations in U.S. policy on trade and North Korea, among other issues, there is increasing concern over aligning too closely or "bandwagoning" with the United States only to have the White House cut deals that leave the country's original partners in an awkward position. Some Asian observers are beginning to think more seriously about what actions are needed to sustain a regional order in which their countries can prosper and remain secure should the United States' commitment waver and its presence recede. While some changes would be desirable (such as increased defense spending), others (such as moving toward equidistance between the United States and China)

could put regional stability at risk. Washington needs to do more to reassure its allies and strategic partners and to convince them that the U.S. commitment to building a free and open Indo-Pacific will continue beyond the current administration. If it does not, the FOIP concept risks going the way of the pivot, becoming another well-intentioned slogan that lacked substance.

Economic Dimensions

In a region hungry for infrastructure and investment, the United States has yet to present an economic framework that can compete with China's Belt and Road Initiative. A robust U.S. security commitment is necessary but not sufficient to sustaining a free and open Indo-Pacific. Healthy economic growth is essential to provide jobs, ensure domestic stability, and generate the resources needed for increased defense spending, better burden sharing and closer collaboration among partners. This is true not only of developing nations in Southeast Asia but even of developed nations such as Japan.

“ There is increasing concern over aligning too closely or “bandwagoning” with the United States only to have the White House cut deals that leave the country's original partners in an awkward position.”

According to the Asian Development Bank, Southeast Asia will need \$2.8 trillion in infrastructure investment over the coming decade. Economic initiatives that address this need could be among the most powerful strategic tools available to the United States, the EU, Japan, and Australia. However, as Ryosuke Hanada, the author of the ASEAN chapter notes, “some of the organization's members that

are not Western-type democracies likely perceive the FOIP as an interventionist policy that may destabilize their domestic political systems.” In Southeast Asia, as in other regions, China has sought to capitalize on these anxieties by claiming to offer investment without ideological judgment and with no normative strings attached. Competing

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more effectively with it in this domain will involve a twofold challenge: in addition to mobilizing the necessary financial resources, the United States and its liberal democratic partners must find ways of applying them that do not sacrifice but rather reinforce their shared commitment to democracy, the rule of law, and the protection of basic human rights.

Security Dimensions

The ongoing buildup in China’s air and naval capabilities, its recent island-construction activities in the East and South China Seas, and its extensive claims to control most of the water and resources off its coasts, are widely seen as posing a challenge

to the interests of other countries, in the region and beyond. There is general agreement that maintaining a free and open Indo-Pacific will require preserving a favorable balance of power in the face of China’s growing strength. That, in turn, will demand greater exertions on the part of a handful of countries and greater coordination among them. But, as several of the contributors to this report note, the necessary steps may be easier to identify than to take. For example, despite the high hopes of some strategists in Washington, Tokyo, and Canberra, India remains reluctant to move too quickly to strengthen defense cooperation and is clearly wary of taking steps that could transform the newly re-launched Quad into something more closely resembling a functioning military alliance. For their part, despite a shared recognition of the challenge posed by China’s activities in the maritime domain, the United States, Japan, and Australia each face a mix of fiscal, diplomatic, and domestic political constraints on their ability to respond. Meanwhile, many ASEAN countries continue to hope that they can regain their lost unity and defend their interests without having to lean too far toward the United States (or China). Further afield, in recent years some European powers have expressed concern about preserving freedom of navigation through Asian waters, but only the United Kingdom and France still have the capacity to project naval power on a global scale. And yet, notwithstanding their newfound determination to play a role in Asian security, their capabilities remain quite limited. Meanwhile, despite a recent slowdown in the growth of its economy, China continues its military buildup. Whether in the long run a favorable balance of power can be maintained, enabling the Indo-Pacific to stay free and open, remains to be determined.

ASEAN'S ROLE IN THE INDO-PACIFIC: RULES-BASED ORDER AND REGIONAL INTEGRITY

RYOSUKE HANADA

Despite the comparatively small military and economic weight of its countries, Southeast Asia is commonly recognized as the center of the Indo-Pacific.¹ It (particularly Indonesia) lies at the intersection of the Indian and the Pacific Oceans and no other region faces greater challenges to the principles of the rule of law and freedom of navigation. Whether the Free and Open Indo Pacific (FOIP) concept can maintain and enhance the rules-based order in the broader region depends on the extent to which the countries of the Association of Southeast Asian Nations (ASEAN) actively support the objectives and policies the United States, Japan, Australia, and others are proposing as part of their FOIP strategies. At this stage, however, some ASEAN members view this regional vision with caution and intentionally keep their positions on it unclear.

This chapter explores ASEAN's views on the FOIP in politics, security, and economics. It addresses the complexity of the grouping's concern over its marginalization in regional security cooperation and its potential entrapment into a binary choice between the United States and China; its expectation of counterbalancing China's growing military ambitions in the region, particularly in the South China Sea; and its desire to find alternative sources of investment to China's Belt and Road Initiative. This chapter also attempts to demonstrate the comparability of the FOIP with ASEAN's basic principles and interests. It argues that what ASEAN must worry about is not whether it can preserve its regional leadership or "centrality," but how its members can resolve their divisions and synergize their efforts at ASEAN community building and

maintaining the rules-based order in the midst of the intensifying great-power rivalry between the United States and China.

Political and Diplomatic Priorities

Since its establishment in 1967, ASEAN has been seen as an honest broker for peace in Southeast Asia and it has been the main driving force of regional and inter-regional dialogues and cooperation in East Asia in the post-Cold War era.² Due to the diversity of culture, history, political systems, and economic development among its members, ASEAN functions as a loose association of cooperation under the "ASEAN Way," based on the principles of non-intervention and consensus decision-making. During the 1990s, it grew to the current 10 members and initiated community-building efforts among them. In 2007, members agreed on the ASEAN Charter, which articulates not only innocuous ideas, such as consensus or unity in diversity, but also somewhat ambitious norms and principles, including democracy, rule of law, and basic human rights.

ASEAN also extended its role as a broker for confidence building beyond Southeast Asia. It has provided regular opportunities for critical dialogues with non-member states through the expansion of the signatories of its Treaty of Amity and Cooperation to China, Japan, South Korea, Australia, New Zealand, India, and later even the United States and Russia. ASEAN's inclusive approach and the mutual distrust among regional powers induced a multilayered regional security architecture consisting of the

¹ Quadrilateral consultation officially refers to the importance of ASEAN centrality. See Ministry of Foreign Affairs, "Japan-Australia-India-U.S. Consultations," November 15, 2018.

² Speech by Association of Southeast Asian Nations, *Secretary-General of ASEAN H. E. Ong Keng Yong at the Opening Ceremony of the Annual German Ambassadors' Conference 'ASEAN at the Heart of Dynamic Asia'*, September 3, 2007.

ASEAN Regional Forum, the East Asia Summit, and the ASEAN Defense Ministers Meeting Plus. As the ASEAN secretary-general, Ong Keng Yong, said in 2007, the idea of “centrality” meant that the organization is the primary driving force of regional and inter-regional dialogue and cooperation, and a force for peace and moderation as an honest broker.³

One of ASEAN’s primary concerns with the FOIP, led by either Japan or the United States, is that it could undermine its centrality. From its perspective, a loss of centrality will lead to a decline in its neutrality and maneuverability amid great-power competition. ASEAN is especially concerned about the resurgence of the Quad between the United States, Australia, Japan, and India as the alternative driver of regional cooperation and thus a potential replacement for itself.⁴ Although this is somewhat akin to its fear of the trilateral cooperation between China, Japan and South Korea that emerged in the context of the ASEAN Plus Three in the late 1990s, ASEAN’s concern over the Quad is much more serious as this framework is viewed as an anti-China alignment.

Yet, ASEAN’s concern about the FOIP could also reflect frustrations about the lack of its own policy framework that addresses the current turbulent regional security situation. While external powers have started new initiatives, such as China’s Belt and Road Initiative or the U.S. FOIP strategy, ASEAN has yet to provide a policy framework or reform of existing ASEAN-led institutions to effectively address urgent regional issues. While it is understandable that it adheres to the idea of centrality for the sake of averting a binary choice between the United States and China, ASEAN is gradually being pushed into a corner in which it is marginalized into a provider of nothing more than a talk-shop.

Security Dimensions

South China Sea

Even before the emergence of the FOIP, ASEAN’s centrality was severely challenged by China’s assertive behavior in the South China Sea. ASEAN has failed to address the relevant territorial and maritime boundary issues, particularly China’s large-scale land reclamation and militarization of

maritime features such as the Fiery Cross and Subi and Mischief reefs. Although the current situation in the South China Sea cannot be solely attributed to a failure of ASEAN, China’s “salami slicing” tactics successfully drove a wedge between its members and incrementally changed the status quo. The organization has prioritized its own survival and perceived unity at the expense of some members’ sovereign and economic interests in the area.⁵

The divide within ASEAN first appeared in 2012 when Cambodia, then its chair, and the Philippines and Vietnam, both South China Sea claimant states, could not reach a consensus over the Foreign Minister’s Meeting statement. Cambodia embraced the idea of bilateral negotiations among concerned parties, on which China had insisted,⁶ while the Philippines and Vietnam called for ASEAN’s direct involvement in the issue. In 2016, the divide within ASEAN became more obvious when China and only three countries in Southeast Asia released a “consensus” on South China Sea issues, excluding the Philippines and Vietnam.⁷

ASEAN has continued its efforts to bring about stability in the South China Sea. Since 2016, consultations with China on a potential Code of Conduct (COC) have gained momentum. The parties adopted a bare-bones framework for the COC in 2017, and the following year Singapore’s Foreign Minister Vivian Balakrishnan announced that the sides had reached an agreement on a single draft negotiating text. However, leaked details of the text show that significant hurdles remain, especially over the most sensitive issues such as the agreement’s geographic scope, potential dispute-settlement mechanisms, and resource exploration and development.⁸ While the importance of the COC cannot be denied, ASEAN and China are arguably unlikely to agree on the incorporation of legally binding components in the final draft. There is even the risk that the two sides would agree on

5 CSIS, “Defusing the South China Sea Disputes: A Regional Blueprint,” October 2018.

6 Ministry of Foreign Affairs of the People’s Republic of China, Vice Foreign Minister Liu Zhenmin at the Press Conference on the White Paper Titled China Adheres to the Position of Settling Through Negotiation the Relevant Disputes Between China and the Philippines in the South China, July 13, 2016.

7 Ministry of Foreign Affairs of the People’s Republic of China, Wang Yi Talks about China’s Four-Point Consensus on South China Sea Issue with Brunei, Cambodia and Laos, April 23, 2016.

8 Lee Ying-Hui, “A South China Sea Code of Conduct: Is Real Progress Possible?,” The Diplomat, November 28, 2017.

3 Ibid.

4 Charissa Yong, “Singapore will not join Indo-Pacific bloc for now: Vivian,” The Straits Times, May 15, 2018.

the prohibition of military drills involving external military forces, including the United States and Japan.⁹ Meanwhile China has continued to advance its land-reclamation projects and further militarized maritime features behind the COC consultations.

It is important for ASEAN to resolve its internal disputes if it wants to enhance its bargaining power in relation to China. While the COC is not an agreement to determine ownership or maritime boundaries, but rather to regulate activities in the designated area, the

“ ***It is important for ASEAN to resolve its internal disputes if it wants to enhance its bargaining power in relation to China.*** ”

fundamental problem of the South China Sea issues is the disputes over sovereignty and overlapping claims of exclusive economic zones. If ASEAN, and especially claimant states among its members, wants to preserve the principle of the rule of law in the region, it should seek to resolve the disputes based on the Philippines v. China arbitration award of the South China Sea issued under the Annex VII of the United Nations Conventions of the Law of the Sea (UNCLOS) in 2016. The award does not adjudicate sovereign claims to maritime features, but it simplified the disputes by determining the status of these not as islands but as rocks, and thus not entitled to exclusive economic zones.¹⁰ While ASEAN was hesitant to support the legitimacy and legality of the award due to sensitivity toward China, it can still use the award as a legitimate stepping-stone toward resolving its internal differences regarding claims over the maritime boundaries in the South China Sea. This would preserve the relevance of ASEAN and enhance its centrality in the long-term.

9 Greg Torode, “Tough South China Sea talks ahead as Vietnam seeks to curb China’s actions,” Reuters, December 30, 2018.

10 United Nations General Assembly, “Convention on the Law of the Sea,” December 10, 1982, 121:3.

ASEAN’s security and the FOIP

When it comes to ASEAN’s security challenges, especially in the South China Sea, the FOIP strategy is not a threat or a complicating factor, but a tool to maintain the balance of power and uphold a rules-based order.

China’s military power already overwhelms that of the Southeast Asian states. Even though the FOIP strategy is not a purely military policy, it includes various security elements, including the preservation of U.S. forward deployment in the region and the enhancement of U.S. engagement through a network of alliances and partnerships among like-minded countries. It also includes actively providing hard and soft capacity building to Southeast Asian states. Japan, the United States, and Australia individually and collectively provide such assistance to maritime law-enforcement agencies and navies of some of these countries.¹¹ This aims chiefly at preventing a power vacuum and blocking China from changing the status quo by force or coercion.

The values aspect of the FOIP is not without complications either. According to the statements of Japan, the goal of the FOIP is to keep the Indo-Pacific open, free, and rules-based, thereby ensuring that the region remains an engine for economic growth for decades to come.¹² It has emphasized the importance of the existing international rules-based order and the principle of the rule of law in maritime security and development.

ASEAN is not opposed to the importance of keeping the balance of power or the protection of values, such as the rules-based order or freedom of navigation. However, it remains apprehensive about possible external interventions in domestic politics through the FOIP. The United States’ vision of the FOIP clearly refers to freedom in domestic governance,¹³ which may spark concerns within ASEAN. Even though this targets authoritarian regimes, such as the ones in China and Russia, some of the organization’s members that are not Western-type democracies likely perceive the FOIP as an interventionist policy

11 Ministry of Defense of Japan, “Japan’s Defense Capacity Building Assistance,” April 2016 p. 7.

12 Nishihara, Masahi, “Something Concrete Has to Come out of Japan’s Indo-Pacific Strategy,” Japan Forward, September 4, 2018.

13 Alex N. Wong, “Briefing on the Indo-Pacific Strategy,” U.S. Department of State, April 2, 2018.

that may destabilize their domestic political systems.

If ASEAN wants to remain central and promote a rules-based order, it can contribute to the idea or principles of the FOIP by enhancing its unity and constructing its own strategy that addresses the regional security dynamics. As the Singaporean former diplomat Bilahari Kausikan argues, ASEAN cannot be central unless it is more united.¹⁴ Other regional experts, like Simon Tay or John Lee, also suggest that ASEAN needs to be more proactive and decisive beyond the ways of a traditionally loose association for cooperation.¹⁵

Economic Dimensions

China is the largest and thus the most influential trading partner for most of the Southeast Asian states. In 2007, ASEAN had almost equal shares of its trade with the United States, Japan, and China—at 11 percent, 10.7 percent, and 10.6 percent respectively. However, in 2017 China began to dominate with 16.5 percent of ASEAN's total trade while the United States and Japan declined to 9.5 percent and 9.0 percent.¹⁶ China has steadily increased its investments, which reached \$11.3 billion in 2016 and 2017, while Japan invested \$14.1 billion in 2016 and \$13.2 billion in 2017 and U.S. FDI was \$18.8 billion in 2016 but remarkably shrunk to \$5.4 billion in 2017.¹⁷

A series of Chinese initiatives, including the Asian Infrastructure and Investment Bank (AIIB) and the Belt and Road Initiative (BRI), have been attractive to many countries that require infrastructure projects for their economic growth and to avoid the middle-income trap. As emerging economies, ASEAN states need more investment, especially in their infrastructure sectors. The total infrastructure investment needs among them from

2016 to 2030 are estimated at \$2.8 trillion.¹⁸ The BRI promises to provide more than \$90 billion for regional connectivity projects in addition to the AIIB investment of \$4.2 billion in 2017 (from a capital stock of \$100 billion).¹⁹ However, due to the fear of overreliance on a single power, ASEAN is eager for infrastructure initiatives from other sources including Japan, Australia, the United States, and others.

The BRI, the FOIP, and ASEAN

The inherent risks of China's Belt and Road Initiative are becoming increasingly apparent. The maritime silk road aspect of the initiative aims at developing infrastructure in the South China Sea and the Indian Ocean, including in Kyaukpyu in Myanmar, Hambantota in Sri Lanka, Gwadar in Pakistan, and the Maldives, and potentially in Vanuatu and Manus Island in the Pacific. Anxiety is growing among recipient countries, though, over a lack of participation by local workers and banks, and over unmanageable debt.²⁰ Backlash to the BRI erupted not only in Sri Lanka but also in Malaysia and Myanmar after the details of the Hambantota port agreement became public.²¹

The promoters of the FOIP framework are beginning to provide an alternative.²² In 2015, Prime Minister Abe announced Japan would enhance its long-standing commitment to infrastructure financing to Asia by \$110 billion from 2015 to 2020.²³ In 2018, Japan also pledged an additional \$50 billion in aid as part of its FOIP strategy.²⁴ Similarly, last year the United States unveiled new infrastructure and connectivity projects in the Indo-Pacific worth

14 Speech by Bilahari Kausikan, Beyond 50: Japan-ASEAN Cooperation after the 50th Anniversary of ASEAN, Japan Institute of International Affairs, February 8, 2018. See also Henrick Z. Tsjeng and Shawn Ho, "Whither ASEAN Centrality?," East Asia Forum, September 2018.

15 Simon S.C. Tay, "Imperatives for a New ASEAN Leadership: Integration, Community, and Balance," in Aileen Bavaria and Larry Maramis, Building ASEAN Community: Political-Security and Socio-cultural Reflections, ASEAN 50, 4, August 2017 and John Lee, "The 'Free and Open Indo-Pacific,' and Implications for ASEAN," in Trends in Southeast Asia, 13, June 2018.

16 The Association for Southeast Asian Nations Secretariat, "ASEAN Community Chartbook 2017," November 2017, p. 23.

17 The Association for Southeast Asian Nations Secretariat and United Nations Conference on Trade and Development, "ASEAN Investment Report 2018: Foreign Direct Investment and the Digital Economy in ASEAN," November 2018, p. 6.

18 This is the baseline estimate. Asia Development Bank, "Meeting Asia's Infrastructure Needs," February 2017, p. xiv.

19 Jonathan E. Hillman, "How Big is China's Belt and Road?," Center for Strategic and International Studies, April 3, 2018 and Asia Infrastructure Investment Bank, "Financing Asia's Future: 2017 AIIB Annual Report and Financials," 2018, p. 10.

20 Go Yamada and Stefania Palma, "Is China's Belt and Road working? A progress report from eight countries," Nikkei Asian Review, March 28, 2018.

21 John Reed, "Myanmar reviews \$9bn China-backed port project on cost concerns," Financial Times, June 3, 2018.

22 Since the 2000s Japan has completed projects costing \$230 billion, while Chinese projects reached \$155 billion. Over 90 percent of the Japanese projects had actual or planned construction dates after 2013. Japan is ahead in Indonesia, the Philippines, Singapore, and Vietnam, while China leads in Cambodia, Laos, and Malaysia. Siegfried Alegado, "Japan Still Beating China in Southeast Asia Infrastructure Race," Bloomberg, 8 February 8, 2018.

23 Speech by Prime Minister Shinzo Abe at the Banquet of the 21st International Conference on the Future of Asia, "The Future of Asia: be Innovative," Cabinet Secretariat of Japan, May 21, 2015.

24 Masayuki Yuda, "Abe pledges \$50bn for infrastructure in Indo-Pacific," Nikkei Asian Review, June 11, 2018.

\$113 million together with \$300 million in military assistance.²⁵ Moreover, the United States, Japan, and Australia have announced a trilateral investment partnership that will involve the private sector.²⁶ The United States, Japan, and India have also agreed to cooperate on infrastructure projects.²⁷ As for trade, Japan and Australia have carried the torch for the

“ **Since economic competition is not directly zero-sum like security competition, ASEAN can be a net beneficiary from the BRI and the FOIP.** ”

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) after President Donald Trump withdrew the United States from the TPP. Japan and Australia have also been actively promoting the negotiations for the Regional Comprehensive Economic Partnership (RCEP) free trade agreement.

Since economic competition is not directly zero-sum like security competition, ASEAN can be a net beneficiary from the BRI and the FOIP as well as from evolving trade-integration initiatives like the CPTPP and the RCEP. However, economics and geopolitics have become increasingly intertwined for the region. For example, India has not supported the BRI despite its alignment with China in the AIIB and the BRICs because it views the initiative as geopolitically driven. And while Japan now describes the BRI in more positive way, it has not compromised on its requirements of transparency, economic viability, and debt-sustainability.

Given the region's economic potential and emerging

25 The Washington Post, “Pompeo announces \$113 million in technology, energy and infrastructure initiatives in ‘Indo Pacific’ region,” July 30, 2018.

26 Julie Bishop, “Australia, US and Japan announce trilateral partnership for infrastructure investment for Indo-Pacific,” Department of Foreign Affairs of Australia, July 21, 2018.

27 Saki Hayashi, “Japan, US and India team to fund Indo-Pacific infrastructure,” Nikkei Asian Review, April 10, 2018.

geo-economic dynamics,²⁸ ASEAN needs to enhance its internal unity and provide its own vision for what economic order it would like to be part of. The anti-globalization movements in some advanced economies and the growing trade war between the United States and China could damage the long-term growth trajectory of ASEAN. It has no choice but to promote its own integration and synergize this with maintaining a free, open, inclusive, multilateral and rules-based economic order. In 2017, collectively its members are their own largest economic partner, with intra-ASEAN trade accounting for 24 percent of their total trade and intra-ASEAN investment accounting for 25 percent of their total internal FDI. This was due to greater economic integration, especially with the establishment of the ASEAN Economic Community in 2015,²⁹ as well as to external volatility.³⁰

By the mid-2020s, ASEAN's total GDP is expected to surpass Japan's as the result of an average 4 percent annual growth over the next decade.³¹ The population of ASEAN is already 630 million and expected to be 700 million by 2030. While the organization is struggling to implement its Blueprint 2025—which includes goals such as improving productivity, narrowing the economic-development gap, and reducing non-tariff barriers among members—the role of ASEAN and the impact of its economic integration will undoubtedly increase in the coming decades.³²

Conclusion

Since the 1990s, ASEAN has shown increasing responsibility as a driver of Southeast Asian regional integration and even in expanding East Asian and Asia Pacific cooperation. It played the role of peace-broker, providing the venues for confidence-building initiatives among all the major regional powers. However, the growing great-power rivalry between

28 Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft*, Belknap Press, April 11, 2016.

29 The community consists major four frameworks: a Trade in Goods Agreement, a Framework Agreement on Services, a Comprehensive Investment Agreement, and an Agreement on the Movement of Natural Persons. The Association for Southeast Asian Nations Secretariat, “ASEAN Agreements: Outcomes and Benefits”.

30 PricewaterhouseCoopers Growth Centre, “The Future of ASEAN – Time to Act,” May 2018.

31 Mitsubishi Research Institute, “ASEAN Economy,” *Medium- and long-term prospects of domestic and foreign economies 2016-2030*, June 22, 2016.

32 Association of Southeast Asian Nations Secretariat, “ASEAN Economic Community Blueprint,” January 2008.

the United States and China poses a significant challenge for ASEAN.

During the Cold War, ASEAN included only five maritime Southeast Asian states. It successfully countered the expansion of communism in the region with support from Western states, mainly the United States and Japan. This experience shows that ASEAN members can survive the growing great-power rivalry by being united under common interests and shared principles. However, different from the Soviet

“ While the current debate tends to focus on whether ASEAN supports the FOIP, what is perhaps more important is for it to develop and present its own vision for regional order in the broader Indo-Pacific region.”

Union and its ideological expansionism, China is an integral part of the international economy and security dynamic. It uses economic means to appeal to citizens and governments in Southeast Asia while it makes further military advances in the South China Sea. Economic interdependence has made it virtually impossible for any Southeast Asian country to loosen ties with or decouple from China. Given this dynamic, ASEAN welcomes the FOIP as a counterbalance to China’s overwhelming power in the region while remaining somewhat reserved, due to concern over possible entrapment into a binary choice between Washington and Beijing.

Fundamentally, the FOIP aims at protecting the rules-based order and free and open public goods, especially sea-lanes of communication and accessible infrastructure. These are most agreeable principles and objectives for ASEAN because international politics dominated by sheer power would leave its members vulnerable to bullying or intimidation by external great powers. For example, the principle

of the rule of law enables ASEAN members to face great powers on an equal footing in international dispute settlement mechanisms, such as arbitration under the UNCLOS.

One urgent task for the organization is to update the ASEAN Way—the principles of non-intervention and consensus decision-making—as it is one of the core causes of its ineffectiveness in security issues. Initially, the concept of the ASEAN Way was necessary to accommodate the diversity and sensitivity of member states.³³ But, as the late Thai politician Surin Pitsuwan said, “In recent years, several factors have put much stress and imposed strains on the ASEAN platform. As such, the grouping would need to enhance capacity, streamline decision-making processes, reconfigure working processes, and adopt a new mindset of proactive engagement by moving away from the passive ‘ASEAN Way’ of the past 50 years.”³⁴

While the current debate tends to focus on whether ASEAN supports the FOIP, what is perhaps more important is for it to develop and present its own vision for regional order in the broader Indo-Pacific region. For instance, Indonesia’s former foreign minister, Marty Natalegawa, suggests the need to promote an Indo-Pacific concept since “it also represents a natural progression for ASEAN, ever reaching outwards, to East Asia, the Asia-Pacific and the Indo-Pacific region.”³⁵ Another Indonesian diplomat, Siswo Pramono, formulates an Indo-Pacific concept that has ASEAN as the fulcrum of connectivity and norm setting.³⁶

The emergence of the FOIP should be viewed by ASEAN as an opportunity rather than a threat because the rules-based order that it aims to maintain is the only way to guarantee equal treatment and sovereignty for all of its member states, regardless of their size. Without a rules-based order, ASEAN countries would find it increasingly difficult to protect their independence and territorial integrity.

33 Speech by Bilahari Kausikan, Beyond 50.

34 Surin Pitsuwan, “ASEAN After 50 and Beyond: A Personal Perspective,” The Association for Southeast Asian Nations Secretariat (ed.), ASEAN@50, October 6, 2017.

35 Marty Natalegawa, “ASEAN should step up to promote a pacific Indo-Pacific,” The Straits Times, November 30, 2017.

36 Siswo Pramono, Indonesia’s perspective for an ASEAN Outlook on Indo-Pacific: Towards a peaceful, prosperous and inclusive region, August 14, 2018.

A CONTINENT BETWEEN TWO SEAS? WHAT THE FREE AND OPEN INDO- PACIFIC MEANS FOR AUSTRALIA

TOM MCDERMOTT

Like many of its neighbors, Australia is wrestling with a classic strategic dilemma: how to remain both safe and rich. The 20th century saw its principal trading partner—first the United Kingdom, then the United States—also act as its primary security ally. This comfortable environment, however, has fundamentally changed over the past two decades. In 2009 China overtook the United States as Australia’s primary trading partner following a remarkable three-fold increase in their bilateral trade in just 10 years.¹ China now dominates the Australian economy, accounting for 23.8 percent of two-way trade in the 2014 to 2017 financial years, compared to 9.6 percent for the United States.² For the first time in its relatively short history Australia’s economic and security interests have diverged, with its closest trading partner no longer the same country as its principal military patron, and indeed with the two increasingly in direct competition.

Australia’s strategic approach to this gathering dilemma since 2000 can be described as one of “hedging and hoping.” Initially, seven successive governments sought to delicately balance increasing financial reliance on Chinese growth with loyalty to the Australia, New Zealand and United States (ANZUS) Treaty,³ hoping that the two would not clash. The last five years, however, have proven that

hope is not a strategy. Since 2013 China’s intentions to revolutionize the Asia-Pacific order have crystallized, and the hackles of the United States are up in response. The Trump administration’s 2017 National Security Strategy explicitly identifies great-power rivalry as the primary threat to U.S. security.⁴ In this context, and after 20 comfortable years, Australia is caught in a vice of competing interests.

Australia is seeking to address this deteriorating strategic environment by committing to a Free and Open Indo-Pacific (FOIP) strategy that it hopes will sustain the international order it needs to prosper. This chapter analyses this strategy. It looks at Australia’s shifting political commitment to the FOIP idea, and the motivation behind it. It then examines the execution of the strategy through the use of military instruments and the leveraging of economic influence.

Australia’s Shifting Political Commitment to the Indo-Pacific

Observers might view Australia’s political commitment to the Indo-Pacific with some cynicism. A tentative minilateral “Quad” between it, the United States, India, and Japan first met in 2007, but Prime Minister Kevin Rudd suffocated the initial concept, directing his foreign minister to assert that Australia would “not be proposing to have a dialogue of that nature in the future.”⁵ China’s direct influence on the decision was relatively clear, given this statement was made at a joint press conference with the country’s

1 Michael Wesley, “Australia Faces a Changing Asia,” *Current History*, 109:728, September 2010, p. 227.

2 Australian Department of Foreign Affairs and Trade, “Australia’s Trade in Goods and Services,” March 7, 2018.

3 The Australia, New Zealand and United States (ANZUS) Treaty is a collective security arrangement signed in 1951 to support security in the Pacific. While the United States suspended its treaty obligations to New Zealand in 1986 following disagreements about nuclear submarine access, ANZUS remains the bedrock of the Australian-U.S. security relationship. See U.S. Department of State, *Office of the Historian*.

The views expressed in this article are those of the author, and do not reflect any official position or that of the author’s employers.

4 Government of the United States of America, “National Security Strategy,” December 2017, p. 2.

5 Australian Department for Foreign Affairs and Trade, “Transcript of Joint Press Conference with Chinese Foreign Minister,” February 2008.

foreign minister.

Since 2013, however, Australia has been a central proponent of operationalizing the FOIP concept. Prime Minister Shinzo Abe may well have birthed the idea in his “Confluence of the Two Seas” speech in 2007,⁶ but it was Australia that first enshrined it in public policy. The 2013 and 2016 Defense White Papers were explicit that three influences—China’s rise, the strategic growth of East Asia, and the emergence of India as a global power—were shaping “the Indo-Pacific as a single strategic arc.”⁷ Indo-Pacific has since replaced Asia-Pacific in the policy lexicon with remarkable speed. In 2017, the Liberal government published the first Foreign Policy White Paper in 14 years, titled Opportunity, Security, Strength.⁸ It confirmed the Indo-Pacific as a principal strategic script for Australian policy.⁹ For the first time since the 1970s and the birth of the Asia-Pacific concept, Australia is fundamentally recasting its strategic geography.

The simplest argument as to why it is doing so can be made around basic strategic logic, driven by population and geography. In his 1995 book *The Coast Dwellers*, Phillip Drew points out that if one removes Australia’s minimally populated “red center”, the result is a demographic map that resembles the Japanese archipelago—with the population concentration distinctly orientated toward the Indian and Pacific Oceans.¹⁰ This is a demographic trend that has only deepened in the last 20 years. As the Australian High Commissioner to India wrote last year, “the Indo-Pacific construct ... recognizes Australia’s distinctive geostrategic position as a continent which faces both oceans.”¹¹ It arguably places the country in a more dominant, balanced place in the region.

But the deeper reasoning in Canberra is subtler, with many facets. There is a strong sense of the shift to the Indo-Pacific as classic balancing behavior.¹² Recent revelations around China’s covert soft-power influence, regionally and in Australian politics, have left Australians nervous.¹³ They have watched the United States throw its weight behind a FOIP strategy—seeking to draw other rising powers into the region and thus to diffuse China’s increasingly dominant influence—and have rationally followed suite. There was ample evidence of this in the joint statement issued at the end of last year’s biannual

“ ***There is a strong sense of the shift to the Indo-Pacific as classic balancing behavior.*** ”

ministerial consultations between Australia and the United States, in which they declared themselves committed to “an Indo-Pacific that is open, inclusive, prosperous, and rules based” via a joint plan “which has diplomatic, security, and economic dimensions.”¹⁴ An Australian FOIP gives confidence and momentum to the strategy of the United States, keeping it engaged in the region against other competing priorities.

However, there is also the sense of a much deeper, internationalist intention in Australia’s actions. The unipolar moment of the United States may well be coming to an end,¹⁵ and Australia’s Foreign Policy White Paper is explicit about the implications of the declining global U.S. financial dominance for the region.¹⁶ A sense of rising authoritarianism in regional countries, such as the Philippines, and escalating challenges to the so-called rules-based order are problems for a country that is

6 Japanese Ministry of Foreign Affairs, Transcript of ‘Confluence of the Two Seas’ Speech by Prime Minister of Japan at the Parliament of the Republic of India, August 2007.

7 Australian Department of Defence, ‘Defence White Paper 2013,’ May 3, 2013, p. 2 and Australian Department of Defence, ‘Defence White Paper 2016,’ February 25, 2016, p. 13.

8 Australian Department of Foreign Affairs and Trade, “Foreign Policy White Paper: Opportunity, Security, Strength,” November 2017.

9 The idea of strategic scripts is proposed by Lawrence Freedman in *Strategy: A History*, Oxford University Press, 2013.

10 Phillip Drew, *The Coast Dwellers: Australians Living on the Edge*, Penguin Random House, 1995, p. 23.

11 Jeffery D. Wilson, “Rescaling to the Indo-Pacific: From Economic to Security-Driven Regionalism in Asia,” *East Asia*, 2018, 35:2 p. 183.

12 See Randal L. Schweller, “Managing the Rise of Great Powers: History and Theory” in Alastair Iain Johnston and Robert S. Ross eds., *Engaging China: the Management of an Emerging Power*, Routledge, 1999, pp. 1-31.

13 Following revelations of Chinese influence over Senator Sam Dastyari, the parliament passed in June 2018 the *Espionage and Foreign Interference Bill* to place additional safeguards against direct overseas influence in Australian politics.

14 U.S. Consulate to Australia, “Joint Statement: Australia-U.S. Ministerial Consultations 2018,” July 25, 2018.

15 Hal Brands, *Making the Unipolar Moment: U.S. Foreign Policy and the Rise of the Post-Cold War Order*, Cornell University Press, 2016.

16 Australian Department of Foreign Affairs and Trade, “Foreign Policy White Paper,” 2017, p. 24.

often seen as a Western island in Asia. Australia fears a growing belief in the near region that Chinese domination is a foregone conclusion, and that bandwagoning with China is the logical solution. The Australian idea of a FOIP seeks to create an alternate strategic vision for the region, one that sustains a rules-based and a multipolar system, even in the absence of U.S. dominance. The analyst Boagang He describes the FOIP as “a discursive construct intended to dilute Chinese influence by broadening regional imagination and inclusion.”¹⁷ This argument is not without merit, especially when countries as far-ranging as Tonga and Malaysia are learning that China’s loans and largesse come with considerable conditionality.¹⁸

For Australia the FOIP is as much a contest of ideas as a short-term strategy. However, success will depend on sufficient investment in the different tools of national power, and this is where Australia finds it hard to strike the right balance.

Ships, Submarines, and Maritime Strategies

It is perhaps unsurprising that the starting point for an Australian FOIP strategy is a military one. In strategic terms it is an obvious fix, aligning capability, intent, and threat. China’s militarization of reclaimed islands in the South China Sea, which includes the landing of long-range bombers on Woody Island,¹⁹ is the most tangible manifestation of its intention to dominate the region—sitting in stark contrast to the promises made by President Xi Jinping in the White House Rose Garden in 2015.²⁰ In response, Australia is increasingly realizing a maritime strategy that will allow it to contribute to efforts to manage Chinese momentum. The maturation of Australia’s amphibious Landing Helicopter Docks, ordered in 2000 in the wake of the East Timor intervention,

has come at a convenient time.²¹ Three Hobart-class air warfare destroyers, which carry the full Aegis combat system, will come into service by 2020. The real investment, however, is in future projects. In July 2018 the government signed a A\$35 billion contract with BAE Systems for nine Hunter-class global combat ships to be delivered by 2030.²² In that same year the starting gun was fired on the procurement of 12 French Shortfin Barracuda submarines, with A\$50 billion now committed to this ambitious 30-year project.²³ In total Australia plans to invest nearly A\$100 billion in next-generation surface and subsurface combatants over the next decade. The country’s military strategy—a maritime strategy—is tailor-made for supporting a FOIP.

This strategy is also at heart an alliance one, and it was developed conveniently at a milestone moment for the Australian-U.S. relationship. In 1918 Australian and U.S. troops fought together at the Battle of Hamel on the Western Front. History and culture matter, and the celebration of the centenary of this famous battle as “One Hundred Years of Mateship” has helped extend the centrality of the ANZUS Treaty to the idea of the Indo-Pacific. Gone are the equivocal statements from the 2009 Defense White paper, which stated that “ANZUS does not mean unconditional support for the policies of the United States.”²⁴ From the intentions to expand the rotational U.S. Marine Corps force in Darwin to 2,500 troops²⁵ through to the Enhanced Air Cooperation Program,²⁶ this security pairing has rarely been closer. Australia is organizing its military power to encourage the United States—and other key allies—to stay engaged in the region, seeking to complement balancing with binding.

This strategy has had some success. In January 2018 four admirals from Australia, India, Japan and the United States, met in New Delhi. The gathering of this new “Quad,” suitably reflective of maritime security as the countries’ most tangible shared concern,

17 Baohang He, “Chinese Expanded Perceptions of the Region and its Changing Attitudes Towards the Indo-Pacific: a Hybrid Vision of the Institutionalization of the Indo-Pacific,” *East Asia*, 35, June 2018, p. 119.

18 Amanda Erickson, “Malaysia Cancels Two Big Chinese Projects,” *The Washington Post*, August 21, 2018 and Tomoya Onishi, “Tonga to Ask China to Write-Off \$100million Debt,” *Nikkei Asian Review*, August 16, 2018.

19 See Asia Maritime Transparency Initiative report entitled “China Lands First Bomber on South China Sea Island,” May 18, 2018.

20 United States White House Archives, “Remarks by President Obama and President Xi of the People’s Republic of China in Joint Press Conference,” September 25, 2015.

21 Royal Australian Navy, “Royal Australian Navy Factsheet: Amphibious Assault Ship (LHD).”

22 Australian Department of Defence, “SEA5000 Phase 1: Future Frigates,” June 2018.

23 Australian Department of Defence, “SEA1000: Australia’s Future Submarines,” June 2018.

24 Paul Dibb, “Is the US Alliance of Declining Importance to Australia,” *Security Challenges*, 5:2, January 2017, p. 36.

25 United States Consulate to Australia, *Joint Statement*.

26 Australian Department of Defence, *Enhanced Air Cooperation*.

has the potential to be a seminal moment in the development of a common FOIP strategy. Admiral Harry Harris, then-commander of U.S. Pacific Command, made it clear why they were there: “the reality is that China is a disruptive transition force in the Indo-Pacific ... they are the owner of the trust

“ **Following 20 years of maritime investment Australia has earned its seat at the table as a security partner of choice.** ”

deficit.”²⁷ Following 20 years of maritime investment Australia has earned its seat at the table as a security partner of choice. It is in its national interests to stay there.

The Soft Underbelly of Australia’s Strategy

The Indo-Pacific makes less sense as an economic concept than a security one. The analyst Jeffery Wilson has argued that “the economic case for Indo-Pacific rescaling is close to non-existent,” and that the recasting of the economically driven Asia-Pacific to a security-driven Indo-Pacific will not come without cost. “By shifting the functional orientation toward security,” Wilson contends, “attempts to rescale to the Indo-Pacific jeopardize economic cooperation in Asia.”²⁸

It is perhaps for this reason that Australia has struggled to define its economic plan with the same confidence that it has articulated its maritime strategy. It is far less comfortable using its economic weight as part of a combination of soft and hard power. For the 2018–2019 fiscal year, Australia only budgeted A\$4.2 billion for regional aid, or 0.22 percent of GDP. This is part of a 32 percent drop between 2012 and predicted funding out to 2021.²⁹ Australia does

not have a significant overseas investment fund for infrastructure programs either. The wielding of its economic weight tends to be based around snap decisions that are more reactive than strategic. For example, the decision in 2018 to fund two-thirds of a Papua New Guinean and Solomon Island undersea internet cable project (for about A\$136 million) was taken on short notice to counter imminent Chinese soft-power moves in the region.³⁰

In the long term, though, Australia wants to complement its maritime prowess with economic power within the FOIP concept. On the back of the renewed Quad meeting, and based around an increasingly common articulation of the idea of the Indo-Pacific, Australia, Japan and the United States signed a 2018 trilateral partnership for infrastructure and connectivity investment projects.³¹ Once fully articulated, this could build on the standard set by Japan’s \$200 billion Quality Infrastructure Investment fund, which was established in 2016.³² Considerable opportunity exists for Australia to leverage economic policy to help draw a somewhat recalcitrant India towards the FOIP concept.³³ A 2018 report by Peter Varghese—a former secretary of the Department of Foreign Affairs and Trade—highlights how Australia’s economic strengths could be progressively aligned with those of India, particularly in relationships between the two countries’ different states, and to the considerable benefit of both countries.³⁴ Varghese predicts that Australian investment in India could increase from A\$10 billion to over A\$100 billion. As India increasingly looks east, Australia may be able to act as the bridge to encourage the country’s increased economic commitment to the FOIP.

The behemoth that is China’s Belt and Road Initiative is difficult to combat. Financial mass matters, and few can match the country’s resources. The

30 Australian Department of Foreign Affairs and Trade, “Contract Signed to Deliver Undersea Cables to Papua New Guinea and Solomon Islands,” June 2018.

31 Australian Department of Foreign Affairs and Trade, “Australia, US and Japan Announce Trilateral Partnership for Infrastructure Investment in the Indo-Pacific,” July 2018.

32 Japanese Ministry of Foreign Affairs and Trade, “Japan’s Initiatives for Promoting ‘Quality Infrastructure Investment,’” September 19, 2017.

33 Aakriti Bachhawat, “US-Japan-Australia Infrastructure Trilateral: India’s Missed Opportunity,” South Asian Voices, August 16, 2018 and Aakriti Bachhawat, “India Still Wary of the ‘Quad’ Amidst its Own China Reset,” Australian Strategic Policy Institute, August 24, 2018.

34 Peter N. Varghese, “An Indian Economic Strategy to 2035: Navigating from potential to delivery,” Australian Department of Foreign Affairs and Trade Report, May 2018.

27 David Wroe and Kirsty Needham, “History in Making as Nations Team Up,” Sydney Morning Herald, January 19, 2018.

28 Wilson, Rescaling to the Indo-Pacific, p. 192.

29 Australian Department of Foreign Affairs and Trade, *Aid Tracker*.

conditionality that comes with accepting Chinese investment, however, is increasingly stark. Last year Malaysia was the most prominent country to cancel major Chinese deals due to fears of ceding sovereignty.³⁵ In a battle for ideas and influence, and with regional infrastructure needs out to 2030 estimated to be as high as \$26 trillion,³⁶ the concept of “free and open” investment funds may prove to be one of the most powerful tools available. This is an opportunity that Australia must increasingly seek to lean into and leverage.

A Lost Bet, a Sixth Prime Minister, and the Need for a Strategy

Australia is nervous, and rightly so. At the 2011 Shangri-La Dialogue U.S. Secretary of Defense Robert Gates said: “I will bet you \$100 that five years from now, U.S. influence in this region will be as strong if not stronger than it is today.”³⁷ In 2018, Gates would likely be paying out. Allan Gyngell, the former director-general of the Australian Office of National Assessments (now the Office of National Intelligence), has suggested that the international order Australia has known for 70 years has now ended.³⁸ The United States’ dominance of the Asia-Pacific is increasingly being tested, with demographic, economic, and political trends working against its capacity for continued preeminence. China is winning what in military terms would be called “Phase 0” in a regional contest increasingly characterized by hard and soft power.

Australia’s response has been to commit itself to the U.S.-led idea of the FOIP. In the short to medium term, it seeks to balance China’s great-power ambitions by binding the United States and its allies to continued engagement in the region, and by drawing in India as another regional counterweight. In the long term, however, Australia aspires to go further. The FOIP seems likely to be a fundamental recasting of its strategic geography. It is an attempt to

create an alternate “discursive construct” to that of a fated regional Chinese domination, one that is fairer, more respectful, and based on mutual interest—with or without the United States. In this sense, Australia stands firmly alongside the now long-standing vision of Shinzo Abe of a “values orientated diplomacy.”³⁹

Australia’s FOIP is evolutionary and not revolutionary, and it seems clear that implementing it will be

“ The hesitance of Australia to commit to freedom-of-navigation patrols alongside the United States shows that it continues to walk a hedging tightrope between its national interests.”

hard and long battle. The hesitance of Australia to commit to freedom-of-navigation patrols alongside the United States shows that it continues to walk a hedging tightrope between its national interests.⁴⁰ Having had six prime ministers in the last 10 years, the country may lack the political stability to execute such a subtle campaign. The opposition Labor party, which polls indicate has a strong possibility of winning the next election in 2019, has historically adopted a softer policy on China, and it has thus far refused to openly endorse the revised Quad.⁴¹ The trick for Australia will be the balancing of hard and soft power in a coherent, long-term approach. Too much of the former, built on too little of the latter, might prove disastrous. Whether Australian policymakers have the skill to execute such a strategy remains to be seen.

35 Amanda Erickson, “Malaysia Cancels Two Big Chinese Projects,” The Washington Post, August 21, 2018.

36 Roland Rajah, “An Emerging Indo-Pacific Infrastructure Strategy,” Lowy Institute Interpreter, August 3, 2018.

37 Response by U.S. Secretary of Defense Robert Gates during question-and-answer session in “First Plenary Session, Emerging Security Challenges in the Asia-Pacific” at the 10th IISS Asian Security Summit: The Shangri-La Dialogue, June 4, 2011.

38 Allan Gyngell, “Australia’s Response to Changing Global Orders,” Australian Institute of International Affairs, July 6, 2018.

39 Angus Grigg and Lisa Murray, “Turnbull’s Frenemy Doctrine and the Rise of an Australian-Japan Values Club,” Australian Financial Review, June 16, 2017.

40 Andrew Tillett, “Fresh Calls for Australia to Challenge Beijing’s South China Sea Island Claims,” Australian Financial Review, July 24, 2018.

41 Aakriti Bhutoria, “How Deep is Australia’s Foreign Policy Bipartisanship,” Griffith Asia Insights, December 8, 2017.

FRANCE'S NEW RAISON D'ÊTRE IN THE INDO-PACIFIC

ANDREA GILLI

France is the European country that is most involved in the Indo-Pacific and after Brexit it will also be the only member of the European Union with a direct and multidimensional presence in the region. Because of its overseas territories and possessions, it is also a sovereign state in the southern part of the Indian Ocean (with the islands of Mayotte and La Réunion, the Scattered Islands, and the French Southern and Antarctic Territories) and in the Pacific Ocean (with its territories in New Caledonia, Wallis and Futuna, French Polynesia, and Clipperton Island). This represents an enormous area: France has the second-largest exclusive economic zone in the world (11 million square kilometers), 93 percent of which is in the two oceans, where 1.5 million French citizens also live.

France's involvement in the Indo-Pacific region is long-standing and has been growing since the 2010s, driven by a search for markets and investments as well as a diversification of political and security partnerships.¹ Its political and diplomatic role in the region revolves around three main themes: nuclear non-proliferation (with regard to North Korea), defending the rule-based international order and the global commons (with the application of the United Nations Convention on Law of the Sea), and dealing with non-state actors and non-security threats (with the fight against any form of illicit trafficking and climate change). Its approach is aimed at strengthening its bilateral relations in the region—in particular with Japan, South Korea, Indonesia, Vietnam, Singapore, Malaysia, Australia, and New

Zealand—and at enhancing its influence in regional multilateral forums, entering some, or creating new ones. France's goals, posture, and strategy in the region have been set out in key strategic documents such as the 2017 Defense and National Security Strategic Review² and France and Security in the Indo-Pacific in 2018.³

Together with the United Kingdom, France is the leading European military power. In contrast to the former, however, it has never reduced its military presence and has never cut back its power-projection capabilities in the region. Currently, France deploys over 7,000 personnel in the two oceans. Its forces conduct regular humanitarian aid and disaster response (HADR) operations, support the enforcement of international law, and are involved in several defense cooperation agreements. Additional French forces can intervene promptly in the region, if necessary. Moreover, over the past few years, defense and military relations between France and several countries in the region have improved significantly. France maintains an extensive network of defense attachés seconded in each of them and continues to be a key supplier of armaments.

The Indo-Pacific is also an important trading partner for France and, given the economic and demographic growth of the region, it is eyeing local partners for further trade and investment deals.

Political and Diplomatic Presence

The political and diplomatic posture of France in the Indo-Pacific is a product of its geopolitical

1 François Godement, "France's 'Pivot' to Asia," European Council on Foreign Relations, May 12, 2014.

The author would like to thank Francesca Buratti, Ilaria Latorre, Aldo Carone as well as the entire YSF team for their comments and feedback.

2 Ministry of Defense of France, "Strategic Review of Defence and National Security," October 2017.

3 Ministry of Defense of France, "France and Security in the Asia-Pacific," June 2016.

positioning and the changing regional security environment as well as of its economic interests.

Four main themes drive its foreign policy.⁴ First, France is a permanent member of the UN National Security Council and a nuclear power. This makes it particularly sensitive to nuclear issues and it is committed to containing nuclear proliferation. For this reason, it has long been involved in addressing the threat represented by North Korea and it closely monitors the enforcement of sanctions against the country's regime. Given its territories there and the growing economic importance of the region, France is also interested in preserving the political stability of the Indo-Pacific. Second, as a maritime power with interests, territories, and possessions spread all over the world, France has a strong interest in upholding a rules-based international order—in particular in enforcing the United Nations Convention on Law of the Sea and protecting the global commons, including maritime trade and legitimate exploitation of natural resources.⁵ Third, and related, France is committed to fighting non-state threats. In the recent past, terrorism has been experienced in France but it is also present, rapidly evolving, and threatening the political stability of parts of the Indo-Pacific.⁶ Illicit trafficking, particularly related to fishing, is of utmost concern for France, given its many islands and territorial waters in the region. Finally, and connected to the previous two themes, France has shown a strong commitment to addressing global non-security threats, which in the Indo-Pacific primarily means a focus on climate change and sustainable development.⁷ It is not a coincidence that the 2016 climate change agreement was signed in Paris; France's small islands are threatened by rising sea levels, the increasing intensity of natural disasters, and shrinking biodiversity.

Until a decade ago, France's Indo-Pacific strategy was very much focused on China. Starting from the presidency of François Hollande in 2012–2017, however, its political and diplomatic posture in the region has been rebalanced also toward other

countries. Official visits to the region have dramatically increased and so has political engagement there. The factors driving this change are the search for greater economic opportunities, especially trade deals, and the development of tighter political and security partnerships. In this respect, France has strong bilateral relations with many countries in the region and has tried to enhance them further; particularly with India, Japan, Australia, Malaysia, South Korea, New Zealand, Indonesia, Singapore, and Vietnam.⁸ However, it has also placed special importance on the multilateral architecture upon which regional stability rests. Historically, France has tried working with the Association of Southeast Asian Nations (ASEAN) and it has expressed its interest in joining the U.S.-led Quad (with Australia, India, and Japan). There is speculation it may join this grouping as an observer in the near future.⁹ During his May 2018 visit to Australia, President Emmanuel Macron also touted the need for a “Paris-Delhi-Canberra axis,”

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***Until a decade ago,
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focused on China.***”

an option taken seriously by the three countries.¹⁰ Finally, France has taken steps to work more closely with the ASEAN Defense Ministers' Meeting Plus format. It argues that it could bring to the Indo-Pacific its experience, capabilities, and know-how as well as safeguard its interests there.

Security Dimensions

France's military posture in the Indo-Pacific has traditionally served goals such as protecting its sovereignty, defending its national interests, contributing to regional stability, and protecting the

4 Ibid.

5 F. Bozo, *La Politique Etrangère de la France depuis 1945*, 2012, Paris.

6 Gregory, Shaun. “France and the War on Terrorism,” *Terrorism and Political Violence*, 15.1, 2003, pp. 124-147.

7 Nicolas Hulot, “*Climate Plan*,” Ministry for the Ecological and Inclusive Transition of France, July 6, 2017.

8 Céline Pajon, “France and Japan: the Indo-Pacific as a springboard for a strategic partnership,” in Luis Simón and Ulrich Speck (eds.), *Natural partners? Europe, Japan and security in the Indo-Pacific*, Elcano Policy Paper, Real Instituto Elcano, 2018, 11.14.

9 Saki Hayashi and Yosuke Onchi, “*Japan to propose dialogue with US, India and Australia*,” *Nikkei Asia Review*, October 26, 2017.

10 Jean-Baptiste Vey and Michel Rose, “*Macron wants strategic Paris-Delhi-Canberra axis amid Pacific tension*,” *Reuters*, May 2, 2018.

rule-based international order.¹¹ Given the recent changes in the regional security environment, due mainly to technological innovations, climate change, and the rise of China, it has been reconsidering its regional policy.

France deploys 7,000 military personnel in the Indo-Pacific. The bulk of these are in the southern Indian Ocean, in the islands of La Réunion and Mayotte. It also has military facilities in the Pacific Ocean in New Caledonia and French Polynesia. Their primary goals are HADR operations, maritime surveillance, and the fight against illicit trafficking. These forces can also be backed by French troops stationed in the United Arab Emirates and in Djibouti. Thanks to its power projection and long-range strike capabilities—in particular its strike group centered on the aircraft carrier Charles de Gaulle and its six nuclear-powered attack submarines and four submarines equipped with long-range nuclear-warhead missiles—the French navy is able to intervene promptly in the Indo-Pacific to preserve stability and deter threats. France also has a 33-strong network of military attachés in the region, which maintains military relations and advanced defense cooperation agreements.

During the Hollande presidency, France tried to strengthen bilateral relations with countries of the Indo-Pacific. This initiative, already in part begun under President Nicolas Sarkozy, has been further promoted by President Macron. In 2018, France and India signed a Joint Strategic Vision of India-France Cooperation in the Indian Ocean Region, as well as a separate logistical cooperation agreement.¹² The latter deepens cooperation in logistical support, maritime awareness, and third-country collaboration. France and Japan have been similarly deepening their defense cooperation. More recently, they have worked on an agreement for sharing defense supplies and for cooperating on technology research and capability development.¹³ In 2017, France also signed a Joint Statement of Enhanced Strategic Partnership with Australia for promoting long-term strategic cooperation in the

Indo-Pacific. This includes annual meetings of their defense ministers, a strategic dialogue among senior defense officials, and joint defense consultations, including on submarine tasks. In 2018, the two countries signed cooperation agreements that included establishing an annual Australian-French defense-industry symposium and joint logistical support in the Pacific between their armed forces.¹⁴

This pivoting has translated into increased arms sales and a more active role for France in the region. This has led it to become one of the world's leading weapons producers and suppliers. Most of the submarines operating in Southeast Asia, for example, have been produced by French companies. In 2016, France signed an agreement with Australia for the provision of 12 Scorpène conventional attack submarines.¹⁵ It signed a similar agreement with Malaysia in the early

“ **France has adopted a strong stance against China’s militarization of the South China Sea.** ”

2000s and has also become a key weapons supplier to India, selling it six Scorpène submarines in 2006 and 36 Rafale fighter jets in 2016.¹⁶

In recent years, France has adopted a strong stance against China’s militarization of the South China Sea. However, as in the case of other Western countries, its posture toward China has been particularly contradictory. More recently, for example, the commander of the French armed forces in Polynesia and commanding officer of the Pacific maritime area stated that the country’s military activities in the region are not aimed at China.¹⁷ Nonetheless, military activities and exercises in the region have grown. The French and U.K. navies have set up the joint Jeanne d’Arc naval training and patrol task force. Since 2014,

11 Doise, J., and M. Vaisse, *Politique Étrangère de la France*. Diplomatie et Outil Militaire (1871-1991), 1992, Paris.

12 Ministry of External Affairs of India, “Joint Strategic Vision of India-France Cooperation in the Indian Ocean Region,” March 10, 2018.

13 Bate Felix and Adrian Croft, “France, Japan back free navigation in Asia-Pacific, Abe says,” Reuters, March 20, 2017.

14 Department of Foreign Affairs and Trade of Australia, “Joint statement of enhanced strategic partnership between Australia and France,” March 3, 2017.

15 Franz-Stefan Gady, “Australia, France Sign \$35.5 Billion Submarine Contract: After a two-year delay, Australia has signed a production contract with a French shipbuilder for 12 new submarines,” *The Diplomat*, February 11, 2019.

16 Naval Today, “France to build fifth nuclear Barracuda-class submarine,” May 8, 2018.

17 Emanuele Scimia, “China isn’t our target, says French Pacific naval commander,” *Asia Times*, August 25, 2018.

the French navy has conducted regular patrols in the South China Sea and ports of call in countries of the region, and these are expected to continue. In 2001, France and India started the Varuna naval exercise and vessels of the Indian navy have visited French bases during their deployments. In late 2018, France deployed an air contingent to the region and its forces participated in an air-force exercise in Australia. It has also pursued military cooperation projects with countries such as Vietnam (military medicine and peacekeeping), the Philippines (training, capacity-building, defense equipment, and defense industry), Singapore (a strategic partnership focused on cyber security, counterterrorism, defense technology, and military-to-military exchanges) and Malaysia.

Economic Dimensions

Changing demographics and growing wealth have made the Indo-Pacific one of the engines of the world economy. France has thus developed a strong economic interest in the region. On the one hand, it has been more and more attracted by the growing size of the different markets there and has started investing in them. On the other hand, it has been increasingly active in promoting its economy in order to attract capital from the region into France.

France's trade policy is anchored to the EU, which represents all its members in this field and is responsible for negotiating and signing trade agreements with third countries. In 2006, there was a turning point in the EU's trade policy as it launched a "new generation" of trade agreements that have a broader scope (services, public procurement, and non-tariff barriers). Agreements have been reached with South Korea, Japan, and Singapore; an agreement with Vietnam is awaiting EU ratification; and negotiations are ongoing with Australia and New Zealand. To date, the economic impact of these agreements has been particularly significant for France in relation to the Indo-Pacific. For instance, EU exports to South Korea have grown by 60 percent since that agreement came into force.¹⁸

France is the sixth-largest exporter in the world and, according to the Economic Complexity Index, the 14th-most complex economy.¹⁹ In 2017, its exports

amounted to \$516 billion and it imported \$595 billion, meaning a trade deficit of \$78.6 billion.²⁰ This, in part, explains its economic diplomacy toward the Indo-Pacific, which is aimed primarily at reducing this deficit. According to the World Bank, French exports to the Indo-Pacific amounted to €64 billion in 2017 (excluding weapons sales). This represents 33 percent of French exports outside the EU.

In the past few years, the number of visits of French officials to the countries in the region has increased and this has led to a similar growth in agreements covering French exports. As a result, with the notable exception of with China, France's trade balance toward the Indo-Pacific region has substantially decreased. France's exports are primarily in machinery, vehicles, aerospace and electrical equipment as well as pharmaceuticals and luxury goods.

Conclusion

Over the past 25 years, the Indo-Pacific has become a region of key economic, political, and strategic relevance. Due to the legacies of its imperial past, France has always had interests in the region. More recently, it has tried to take advantage of the existing trends in economic growth and increasing defense spending in the region and has worked actively to secure its regional strategic interests there (secure lines of communications and sovereign territories). The Indo-Pacific is a key trading partner for France—an aspect that is particularly important in light of the country's trade deficit. Given the economic and strategic relevance of the region, France has tried to enhance its political and diplomatic role there, most prominently by promoting solutions to key threats such as those related to North Korea, illicit trafficking, and climate change. Accordingly, it has also increased significantly its military role in the region by deploying some of its key capabilities, by selling its weapons technology to allied countries, and by joining military exercises with them.

¹⁸ See European Commission, "South Korea".

¹⁹ See Observatory of Economic Complexity, "Economic Complexity Rankings".

²⁰ See World Integrated Trade Solution, "France Trade Summary 2017 Data," World Bank.

GERMANY'S INCOMPLETE PIVOT TO THE INDO-PACIFIC

TORREY TAUSSIG

The Indo-Pacific region is undergoing seismic geopolitical shifts that have significant implications for Europe. Foremost among these shifts is the growth in China's economic and military capabilities in the region and globally. Germany, despite regarding China as a strategic partner over the last decade, increasingly recognizes the uncertainties associated with its rise—not only for the Indo-Pacific,¹ but also for Europe itself.

Risk and uncertainty are growing in a region that Germany relies on heavily for trade and economic growth. Germany's primary objectives, therefore, are to maintain stability and a rules-based order in the region. However, compared to France and Britain, Germany has historically maintained a very limited military footprint in Asia and does not have the resources to contribute meaningfully to the region's security. This is unlikely to change in the foreseeable future.

Germany's lack of military capabilities in the Indo-Pacific mean that its engagement in the region is primarily economic and political. Working through a multilateral European approach, it is a strong advocate of free trade agreements, including those finalized or close to completion with South Korea, Japan, Vietnam, and Singapore.² Germany is also forging deeper bilateral ties with democracies in the region, including Japan and India, although China remains its most powerful regional partner based on economic dynamics.

¹ The German government has not adopted the term "Indo-Pacific" as a regional or strategic classification.

² At the time of writing, the EU's free trade agreements with Singapore and Vietnam have been finalized but have not yet entered into force. The EU Economic Partnership Agreement with Japan entered into force on February 1, 2019 and the EU-South Korea free trade agreement entered into force in 2016.

The following sections assess the political, economic, and security dimensions of Germany's evolving role in the region as well as its relations with regional powers China, Japan, and India. This chapter also explores Germany's objectives in the region in light of China's growing economic and military clout and of the United States' increasing unpredictability on the world stage.

Strategic Context

China's rise is not taking place in a vacuum; its military and economic capabilities are growing as the international order enters a new era of geopolitical competition between authoritarian and democratic great powers. While Russia and China attempt to secure spheres of influence in their respective regions, the United States and the European Union are in a period of strategic flux. Under by President Donald Trump, the former appears bent on zero-sum competition in which gains even among its closest allies in Europe are viewed as contrary to U.S. national interests. Meanwhile, the United States and China are locked in trade tensions that threaten stability of the global economy.

Questions over the United States' commitment to global leadership are rising among its European and Asian allies that wonder whether the U.S. will remain committed to its security and economic partnerships, including those in the Indo-Pacific. Whereas Germany has traditionally viewed the United States as the region's primary arbiter for security and stability, there is heightened distrust in Berlin over long-term U.S. strategy in the region and globally, given President Trump's decision to pull the United States out of the Trans-Pacific Partnership

(TPP) negotiations and other initiatives supported by Germany, including the nuclear deal with Iran and the Paris climate agreement. Underlying these shifting dynamics remains a critical question: What role will Europe—with Germany as its economic and diplomatic lynchpin—play in this new era of great-power competition as it advances in the Indo-Pacific region?

Political Dimensions and Regional Partners

China

Germany's regional strategy hinges in large part on its relationship with China, and there are strong diplomatic ties between Berlin and Beijing. In 2004 Germany classified its relationship with China as a "strategic partnership in global responsibility" and in 2014, Berlin upgraded the relationship to a "comprehensive strategic partnership" in order to further intensify cooperation. The two countries have also held regular intergovernmental consultations at the level of cabinet members and heads of government since 2011. This prominent diplomatic status reflects Berlin's commitment to the bilateral relationship and its importance for Germany's economic interests. China is Germany's most important trading partner. In 2017, China was the largest importer of German goods and the most important market for German machinery and vehicle parts.³ China is also the world's largest single market for automobiles and major German automakers, including Volkswagen, Daimler, and BMW, rely heavily on the Chinese market.

But the relationship is becoming complicated as China's power grows in the region and globally. Germany, like many European countries, is increasingly concerned over the rapid pace of China's military advances, its global resources, and its infrastructure development, investments, and technology acquisitions across Europe, as well as its tightening model of digital authoritarianism at home. As a result, the German government is in the process of adjusting its approach to Chinese investments, and has taken steps to limit the acquisition of companies in strategic industries by Chinese state-

3 Federal Foreign Office, "Information on Germany-China Bilateral Relationship," February 27, 2019.

owned enterprises.⁴

Germany's 2018 government coalition agreement highlights the rising concerns toward China.⁵ The text maintains a more cautious tone regarding the relationship with China than the previous coalition agreement in 2014⁶ and stresses that Germany and Europe must focus not only on the opportunities but also on the risks of China's Belt Road Initiative. The agreement also refers to Asia as a dynamic economic region where the potential for conflict is growing.⁷ The current government therefore places greater strategic importance on the region than did previous coalition governments and iterates the need for German and European economic, social, and political commitment to Asia.

Another illustration of Germany's unease over China's rising global presence came in April 2018 when its ambassador to Beijing joined 27 out of 28 EU ambassadors to China (Hungary's being the exception) in signing a report criticizing the Belt Road Initiative for its illiberal trade practices, disregard for labor and human rights standards, environmental degradation, and heavy subsidization of Chinese companies.⁸ These concerns are not confined to Germany's political elite. Polling data released in September 2018 highlights that 42 percent of the German public have negative views of China's growing influence, up from 34 percent in 2017. Only 11 percent view it as positive.⁹

Overall, Germany still prioritizes its relationship with China as one of its most important economic partners, but it is also pursuing a hedging and diversification strategy in the Indo-Pacific by forging

4 Victoria Bryan and Gernot Heller, "Germany Moves to Protect Key Companies from Chinese Investors," Reuters, July 27, 2018. Germany's concern is over Chinese ownership of security-related assets and its ability to gain access to key technologies that could be used to gather data for intelligence purposes. Berlin shares this concern with Five Eyes nations - the U.S., Australia, New Zealand, the U.K. and Canada - as well as France.

5 Konrad Adenauer Foundation, "A New Awakening for Europe, a New Dynamic for Germany, a New Cohesion for our Country: 2018 coalition agreement between the CDU, CSU and SPD," German title: "Ein neuer Aufbruch für Europa Eine neue Dynamik für Deutschland Ein neuer Zusammenhalt für unser Land: Koalitionsvertrag zwischen CDU, CSU und SPD," 2018.

6 Konrad Adenauer Foundation, "Shaping Germany's Future: Coalition treaty between CDU/CSU and SPD, 18th legislative period," February 2014.

7 Konrad Adenauer Foundation, "A New Awakening for Europe, a New Dynamic for Germany, a New Cohesion for our Country."

8 Dana Heide, Till Hoppe, Stephan Scheuer, and Klaus Stratmann, "China First: EU Ambassadors Band Together Against Silk Road," Handelsblatt Global, April 17, 2018.

9 Koerber Foundation, "The Berlin Pulse: Germany Foreign Policy in Perspective," September 2018.

deeper ties with Japan and India as democratic countries and market economies that share an interest in maintaining a rules-based order and open sea-lanes as defined by the United Nations Convention on the Law of the Sea.

Japan

Germany considers Japan a key partner and both countries attach critical importance to maintaining stability and a rules-based order in the region.¹⁰ Foreign Minister Heiko Maas made Japan his first foreign visit in July 2018 and it was in Tokyo that he announced Germany's nascent strategy of an "alliance of multilateralists" to counter destabilizing trends brought about by great-power competition between the United States, Russia and China as well as by President Trump's America First strategy of hyper-unilateralism. In this uncertain geopolitical climate, Maas stated, Germany and Japan have the potential to be "at the heart of the alliance" and need to "stand shoulder to shoulder" to defend rules and international law, particularly in Asia, an economically interlinked region that "is also often divided by political difference."¹¹

Shared history has led German and Japanese societies to a common point of distrust in military force; therefore, both countries prioritize the trade and economic dimensions of their relationship. Bilateral economic ties are supported by German and Japanese companies, which have initiated strategic partnerships in third-party countries in regions including Southeast Asia.¹² Economic relations have also been strengthened by the Economic Partnership Agreement between Japan and the EU, the largest trade deal ever signed by the EU, which entered into force in February 2019.

As trade policy falls within the purview of the EU, the European Commission led on the negotiations representing the interests of its member states. Yet the German government was actively supportive of the EU's efforts to advance its economic partnership with Japan, particularly with the rise of protectionism

10 While Germany does not place Japan at the level of a "strategic partner," in October 2018 the two countries signed a Joint Declaration of Intent on Economic Policy and Cooperation in order to enhance comprehensive cooperation between them.

11 Speech By Minister for Foreign Affairs, Heiko Maas at the National Graduate Institute for Policy Studies in Tokyo, Japan, Federal Foreign Office of Germany, July 25, 2018.

12 Federal Foreign Office of Germany, "Article on Germany-Japan Bilateral Relationship," November 2018.

globally and the United States' decision to withdraw from the TPP. Within the negotiations, Germany was a strong promoter of market liberalization, access for European companies, and high labor and environmental standards.¹³

India

Alongside its enhanced emphasis on ties with Japan, Germany has a strong interest in developing its partnership with India, given the country's geostrategic location, size, democratic governance, and strong market economy. The two powers already have a solid relationship and India was one of the first countries to establish diplomatic ties with the Federal Republic of Germany following World War II. Germany elevated its relationship with India by initiating a strategic partnership in 2001, which has been further strengthened by intergovernmental consultations at the level of head of governments.

Comprehensive dialogue mechanisms have allowed for the establishment of high-level working groups on issues such as industrial cooperation, technology partnerships and counter-terrorism.¹⁴

“ Shared history has led German and Japanese societies to a common point of distrust in military force.”

Intergovernmental consultations have also helped to further engagement on shared interests, including the advancement of a EU-India free trade agreement, although negotiations on a trade and investment agreement have been stalled since 2013 due to disagreements over critical issues such as intellectual property rights, visa regimes and data security.¹⁵

In the security realm, Germany and India signed a defense cooperation agreement in 2006 that provides

13 Federal Ministry for Economic Affairs and Energy, "Information on the EU-Japan Free Trade Agreement," 2019.

14 Dhruva Jaishankar, "India and Germany: Realising Strategic Convergence," Brookings Institution, January 2017.

15 The Economic Times, "India-EU FTA Negotiations Likely to Resume Soon," March 26, 2018.

a framework for regular military-to-military contacts, military sales to India and joint naval exercises off the country's western coast.¹⁶ There are several areas of shared interests within this framework, such as maritime security and anti-piracy measures, which should portend further cooperation. However, the relationship and strategic engagement will remain limited compared to India's relationship with the United Kingdom and France, given Germany's lack of military footprint and power projection in the region.

Economic Dimensions

Germany's political and economic objectives are closely intertwined and the Asia-Pacific is a top economic priority. For German companies, the Asia-Pacific is the most important region for trade outside Europe. From 2008 to 2018, German exports to the region increased by over 7 percent per annum on average.¹⁷ During the first half of 2018, Asia-Pacific markets received 17 percent of all German exports. Moreover, two-thirds of all containers carrying German exports travel through the Indian Ocean,¹⁸ which is flanked by strategic choke points including the Straits of Hormuz and Malacca. It is estimated that over 60 percent of seaborne oil exports pass through these bottlenecks—17 million barrels of oil per day through the Strait of Hormuz and 15 million barrels per day through the Strait of Malacca.¹⁹ These realities, in addition to the region's dynamic economic growth, make stability in the Indo-Pacific vital to Germany's economy.

In contrast to President Trump's protectionist trade policies and his decision to leave the TPP, the EU and its Pacific partners are looking to reduce trade barriers between the two regions. The EU-Japan Economic Partnership Agreement covers roughly one-third of the world's economy. In a press conference following the completion of the agreement negotiations, Foreign Minister Maas and his Japanese counterpart, Taro Kono, presented the deal not only as economically significant but

also as supportive of a rules-based international order. Kono stated: "The free, open and rules-based international order faces a serious challenge ... closer cooperation between Japan and Germany, [countries] that share the same values such as democracy, and lead Asia and Europe ... is taking on greater importance than ever."²⁰

Security Dimensions

China's assertiveness in the South China Sea is of significant concern to Germany, as a potential conflict between regional actors could upend vital sea-lanes with negative repercussions for European economies. Germany is therefore reassessing the regional security environment and shares the concerns of other European powers over China's rapid military advances and the militarization of islands in the South China Sea. As a result, Germany is shifting away from a strictly neutral position in the region. In line with this perspective, German foreign policy analyst Ulrich Speck argues that "Germany is deeply committed to multilateralism and peaceful conflict resolution. To see China rejecting these principles is pushing Berlin to be more on the side of those who want to balance its growing regional influence."²¹

However, unlike the United Kingdom and France, which have expanded their security roles in the Asia-Pacific through increased freedom-of-navigation operations in the South China Sea, Germany maintains a limited military footprint in the region.²² The underwhelming state of the German navy, due to procurement problems and inadequate budgeting, also inhibits meaningful security cooperation in the Indo-Pacific and participation in joint military exercises beyond that of observer status and port calls.²³ This does not appear likely to change in the foreseeable. Despite the public's increasing willingness to spend more on defense, German society remains uncomfortable with the idea of using military means to defend trade and economic routes, even if it takes place in accordance

16 Jaishankar, India and Germany.

17 Federation of German Industry, "Asia-Pacific Conference: World Trade Regime in the Spotlight," November 3, 2018.

18 Garima Mohan, "Engaging with the Indian Ocean," Global Public Policy Institute, November 2, 2017.

19 George Friedman, "There are 2 choke points that threaten oil trade between the Persian Gulf and East Asia," Business Insider, April 18, 2017.

20 Japan Times, "Japan and Germany agree to promote free trade, rules-based order," July 25, 2018.

21 Ulrich Speck, "Germany's Nascent Pivot to Japan," in Luis Simon and Ulrich Speck (eds.), *Natural partners? Europe, Japan and security in the Indo-Pacific*, Real Instituto Elcano, 2018.

22 France finalized a basing agreement with India in March 2018, giving it a more forward presence in the region.

23 Germany participates as an observer in the U.S.-Led RIMPAC maritime exercises.

with international law. Germany's modus operandi in military affairs is geared solely for engagement in systems of collective defense, with NATO and the EU's Permanent Structured Cooperation on Security and Defense (PESCO) acting as the anchor of its security and defense policy.

Looking Ahead

Given the political, economic and security dimensions of Germany's interests in the Indo-Pacific, what steps should it take in upholding stability and a rules-based system in the region moving forward? Germany remains concerned about Chinese military assertiveness in the South China Sea and China's unwillingness to abide by international arbitration rulings over disputed territory. Yet Germany's incapacity and unwillingness to adopt a strong security-based strategy and forward military presence in the region means that it is more likely to pursue a political and economic response.

Foreign Minister Maas has sketched the origins of a new foreign policy strategy based on an alliance of multilateralists that can withstand the destabilizing effects of the regional and global assertiveness of Russia and China, as well as growing uncertainty over the future course of the United States' foreign policy and its commitment to long-standing alliances. Maas's emphasis on Germany and Japan standing at the center of such an alliance accurately illustrates the growing strategic importance of the region to German foreign policy, although the specifics of this strategy have not been fully fleshed out.

Economically, Germany should rebalance its trade and investment portfolio away from an overreliance on China. Already signaling an important shift in the country's business approach, the Federation of German Industry released a report in January 2019 cautioning companies to reduce their dependence on the Chinese market. The report refers to China as a "systemic competitor," and cites concerns over the centralization of authoritarian political control under President Xi Jinping, China's state-driven economic model, and its advances in artificial intelligence being used for economic planning and social control.²⁴ To further hedge against these developments, Germany should develop deeper ties

with strong market economies in the region such as Japan, India and South Korea. The EU's recently concluded Economic Partnership Agreement with Japan is an important step forward for Europe's, and Germany's, economic engagement in the region.

Reducing dependencies on China will be difficult, however, given the size of the Chinese market and its importance for German companies. There are 5,200 German companies with over 1 million employees active in China. Chinese direct investment in Europe was also six times that in the United States, at \$12 billion and \$2 billion respectively, in the first half of 2018.²⁵

The extent to which Germany's concerns over President Xi's increasing authoritarianism in China will affect the bilateral relationship remains an open question, given the significant economic ties between the two countries. But it is clear that Germany is developing a preference for European strategic independence amid growing U.S.-Chinese competition and will seek stronger partnerships with like-minded states including Canada, South Korea and Japan. One illustration is the strategic partnership between Europe and Japan, which has already resulted in more practical coordination between Japan and NATO. Tokyo went as far as to officially designate its embassy to Belgium as its mission to NATO, which the North Atlantic Council accepted in June 2018.²⁶ More of this cooperation is needed. Building bridges between European and Asian multilateralists should be a critical priority for Germany at a time when China's regional assertion is growing and the United States, which has traditionally served as the lynchpin between European and Asian security frameworks, becomes an increasingly unpredictable partner.

²⁴ Federation of German Industry, "Partner and Systemic Competitor – How Do We Deal with China's State-Controlled Economy?," January 2019.

²⁵ Leonid Bershidsky, "Europe Has a China Problem, Too," Bloomberg, January 21, 2019.

²⁶ Speck, 7.

RELUCTANT LINK? INDIA, THE QUAD, AND THE FREE AND OPEN INDO-PACIFIC

SAMEER LALWANI

Since the mid-2000s, India has become a more active player in maritime security to shape the regional and global order. This has resulted in more naval exercises with more countries, actions and statements in support of international law, and separate strategic partnerships with the United States in 2005, Japan in 2006, and Australia in 2009. These bilateral engagements led to the “Quad” experiment in 2007 and a renewed substantive dialogue in 2017.

India’s approach to the Indo-Pacific region is captured in Prime Minister Narendra Modi’s June 2018 speech at the Shangri La Dialogue in Singapore. He enumerated India’s interests in this hyphenated region: an inclusive spirit, special focus on Southeast Asia after its primary focus on the Indian Ocean region, adherence to a rules-based order and the rule of law, open access to the commons including freedom of navigation, support for free trade, promotion of sustainable connectivity without predation, and amid an embrace of increasing competition, a support for cooperation rather than conflict.¹

India’s recent statements and high-level speeches have aligned closely with positions proffered by the other Quad countries on the Free and Open Indo-Pacific concept. Nevertheless, there appear to be divergences in interests and capabilities that make it an outlier in this grouping. India has three strategic goals. First, it seeks to preserve the republic and its sovereignty by ensuring its territorial integrity and security of the

neighborhood from internal and external threats.² Second, it seeks to complete a “20th century nation-building project” that ushers in prosperity through robust economic growth and poverty eradication.³ Finally, India seeks to be a “leading power, rather than just a balancing power”⁴ in a multipolar world by being brought into “agenda-setting institutions” with U.S. help, while not sacrificing its strategic autonomy to “restrictive expectations.”⁵

India’s material position influences its objectives and its ability to achieve them. While it may rank amongst the major powers and Quad partners in some measures of national power—war potential⁶ or economic size (GDP), it is far weaker than its Quad partners by an order of magnitude when it comes to development (GDP/capita) or some interaction of economic size and efficiency.⁷ These more sophisticated measures suggest India is more vulnerable in some ways to China’s economic coercion, and also less able to extract and generate resources for power projection.

In light of its strategic objectives and material limitations, scholars note “India’s own idea of its maritime interests and strategy may not match the

1 Speech by Narendra Modi, Prime Minister’s Keynote Address at Shangri La Dialogue, Ministry of External Affairs of India, June 1, 2018.

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2 Dhruva Jaishankar, ‘Indian Strategy in a Non-Strategic Age,’ in Atul K. Thakur (ed.), *India Now and in Transition*, Niyogi Books, 2017.

3 Abhijnan Rej, “Reclaiming the Indo-Pacific: A Political-Military Strategy for Quad 2.0,” Observer Research Foundation, March 2018.

4 Ministry of External Affairs of India, “IISS Fullerton Lecture by Dr. S. Jaishankar, Foreign Secretary in Singapore,” July 20, 2015.

5 Alyssa Ayres, “Will India Start Acting Like a Global Power?,” *Foreign Affairs*, November/December 2017, pp. 90-91.

6 For instance a Composite Index of National Capability score derived from the Correlates of War dataset.

7 Michael Beckley, *Unrivaled: Why America Will Remain the World’s Sole Superpower*, Cornell University Press, 2018, pp. 16-18.

expectations of other Quad members.”⁸ Although there is significant overlap among its objectives for the Indo-Pacific, this chapter focuses on its points of departure from the Quad’s approach along political, economic, and security lines, and considers the implications of these.

Political Priorities and Objectives

Several of India’s diplomatic and political priorities in the Indo-Pacific appear congruent with several interests of the United States and other Quad members, including engaging with the Association of Southeast Asian Nations (ASEAN), bolstering connectivity in Asia, and supporting international rule of law and freedom of navigation. India’s strongest contribution has been its concrete (though inconsistent) steps toward strengthening international law. For example, it has ceded disputed territory twice to Bangladesh following a 2014 UN tribunal ruling and a landmark boundary agreement in 2015. At the same time, India’s political interests and choices often part ways with those of other Quad members due to its nonalignment preferences and experiences, limited resources, strategic inclusivity (or promiscuity), and preference for multipolarity.

Nonalignment

India’s attitudes toward alignment are quite different from those of its Quad counterparts. Whether rooted in realpolitik or strategic culture, it has historically been averse to formal military alliances, choosing instead a path of nonalignment or, more recently, “independent” foreign policy. The result is that India is still learning basic “habits of cooperation.”⁹

This poses a problem for a U.S. regional policy that—in the absence of Trans-Pacific Partnership (TPP)—is now largely rooted in defense relationships. Today, the United States identifies the Quad as central to its Indo-Pacific strategy, and its strategic documents suggest the Quad is a much more militarized construct than is professed by India. India is not only unfamiliar with (and likely less capable of) the type of interoperability coalition warfare of the type envisioned by American strategists like a “federated

defense”¹⁰ or “multilateral defensive coalition,”¹¹ but it is also deeply suspicious of it. Possession of nuclear weapons and an assured retaliation capability guarantee its security and further reduce incentives for such formal entanglements.

Resourcing Relationships

India may be pursuing a soft-balancing strategy to restrain China, particularly through “limited alignments and informal ententes,”¹² but in contrast to other Quad members, its Indo-Pacific policy appears to privilege breadth over depth in its external relationships. For instance, after the November 2017 Quad meeting, it professed its “Act East Policy [is] the cornerstone of its engagement in the Indo-Pacific region.”¹³ The Act East Policy of the Modi government appears long on rhetoric and engagement, but analysts charge it has “very little to show on the ground.”¹⁴ Of its defense cooperation with 10 ASEAN states, that with only one – Singapore—can be classified as advanced. This may be a byproduct of India’s relatively limited foreign policy “software” and personnel,¹⁵ not only in the Ministry of External Affairs, but in the Ministry of Defense where there is one senior official tasked for all international cooperation.¹⁶ “Hard” resources will also prove a strain (see below). Further, some have lamented tradeoffs between external balancing and internal balancing, noting the government’s plans to develop ports in Indonesia instead of enhancing India’s basing capabilities in its strategically located Andaman and Nicobar islands.¹⁷

Inclusivity

In contrast to the other Quad partners, India seeks to hedge its bets and approaches the Asian geopolitical challenge more in terms of a security community

10 Michael Green, Kathleen Hicks, and Zack Cooper, “Federated Defense in Asia,” Center for Strategic and International Studies, December 11, 2014.

11 Aaron L. Friedberg, “Competing with China,” *Survival*, 60:3, June 2018, p. 32.

12 T.V. Paul, “Restraining Great Powers: Soft Balancing from Empires to the Global Era,” Yale University Press, 2018, p. 26.

13 Ministry of External Affairs of India, “India-Australia-Japan-U.S. Consultations on Indo-Pacific,” November 12, 2017.

14 Rajeshwari Pillai Rajagopalan, “Minding the Gaps in India’s Act East Policy,” *The Diplomat*, September 17, 2018.

15 Daniel Markey, “Developing India’s Foreign Policy ‘Software,’” *Asia Policy*, 8, July 2009, pp.73-99.

16 Sinderpal Singh, “The Indo-Pacific and India-U.S. Strategic Convergence: An Assessment,” in Walter Ladwig and Anit Mukherjee (eds.), *India and the United States: the Contours of an Asia Partnership*, Asia Policy, 14:1, January 2019, p.79.

17 Ajai Shukla, “New Military Base in Andamans Boosts Military Posture in Indian Ocean,” *Business Standard*, January 26, 2019.

8 Rahul Roy-Chaudhury and Kate Sullivan de Estrada, “India, the Indo-Pacific, and the Quad,” *Survival*, 60:3, June 2018.

9 Tanvi Madan, “Finding a New Normal in U.S.-India Relations,” Brookings, June 30, 2014.

than of defensive alignment. Consequently, it advocates a broader concept—a Free, Open, and Inclusive Indo-Pacific. Simultaneously, India has been more circumspect about placing the Quad at the forefront of the Indo-Pacific, going to much greater lengths than any of the other members to build an escape clause. This stems from the twin dilemmas of entrapment and abandonment, with India not wanting to be chain-ganged into conflicts in the Middle East nor “left in the lurch” if the United States and China pursue another G2.¹⁸

India’s hedging strategy has led to a proliferation of diverse “strategic partnerships,” creating several challenges. First, this stretches the problem of scarce resources and personnel, as each one requires nurturing, and dilutes their individual significance and utility. Second, it sends conflicting signals that can create future friction or liabilities. Even if not intended, some American and Japanese analysts read this as a call for inclusion of China in the Quad.¹⁹ Third, in the eyes of proponents of the liberal international order, this “strategic promiscuity”²⁰ with dubious partners can undermine the defense of the status quo. Iran and Russia, which have been identified by the United States as competitors if not outright adversaries, are also strategic partners of India. When questioned about the Quad, the Ministry of External Affairs sometimes locates it among these other illiberal partners; for example, stating: “The Government engages with various countries through bilateral, multilateral and plurilateral platforms on issues that advance our interests and promote our viewpoint.”²¹ American analysts noticed the snub when Prime Minister Modi deliberately did not reference the Quad in his June 2018 speech on the Indo-Pacific but did mention Russia.²² This might incentivize India to dilute its positions on rule of law and global order if it starts to prioritize a *modus vivendi* with China, as some have feared after the summit meeting between Prime Minister Modi and

President Xi Jinping in Wuhan in April 2018.²³

Multipolarity

Because of its historic nonaligned status and confidence in its own status and material potential, India actively seeks to construct a multipolar order. This runs closer to China’s declared preference while the United States, Japan, and Australia prefer a U.S.-led liberal international order that has only thrived under bipolarity or unipolarity. In contrast with India’s political priorities, India’s Quad partners embrace alliances, more adequately resource their political objectives, seek depth in select strategic partnerships, and place more confidence in the stability of a bipolar or unipolar world.

Economic Dimensions

India avows a commitment to a set of economic priorities in the Indo-Pacific: free trade, security of the commons for freedom of navigation, the centrality of ASEAN, and connectivity initiatives that are not predatory. On all of these, however, India’s economic interests appear at odds with some of its or its Quad partners’ strategic interests. Its priorities

“ **India’s hedging strategy has led to a proliferation of diverse “strategic partnerships.”** ”

and ability to pursue them in the Indo-Pacific are more dependent on its future economic growth and position compared to the other three, leading to divergences to its economic approach. The United States, Japan, and Australia do not face anywhere near the same scale of poverty, underemployment, and skills deficits that India faces, nor do they seek the level of infrastructure investment and technology transfers that it covets. A very different and developing economy shapes distinct Indian preferences and capabilities within the Quad, and its active participation may require some asymmetry, accommodation, and perhaps even side-payments.

18 Rajesh Rajagopalan, “India’s Strategic Choices: China and the Balance of Power in Asia,” Carnegie Endowment, September 14, 2017.

19 Takenori Horimoto, “The Free and Open Indo-Pacific Strategy: India’s Wary Response,” Nippon.com, October 9, 2018.

20 I thank Tanvi Madan for this phrase.

21 Ministry of External Affairs of India, “Question No.1930 Security Partnership with USA, Japan, and Australia,” January 4, 2018.

22 Rahul Roy-Chaudhury, “India’s ‘inclusive’ Indo-Pacific policy seeks to balance relations with the U.S. and China,” The Wire, July 5, 2018 and Derek Grossman, “India is the Weakest Link in the Quad,” Foreign Policy, July 23, 2018.

23 C. Raja Mohan, “How Donald Trump cast his shadow on the Modi-Xi meet in Wuhan,” Indian Express, May 1, 2018.

One of India's core strategic priorities is economic growth and development that leverages advanced industrialization and manufacturing to generate exports as well as employment for a fast-growing labor pool. It therefore remains more hesitant on free trade initiatives in the Indo-Pacific, leans westward when it comes to economic stakes in the global commons, and seeks to balance its competing interests of selectively challenging China's Belt and Road Initiative (BRI) while also growing Chinese investment in India.

Free Trade in the Indo-Pacific

Though rhetorically committed to the principles of free trade and open economies in the Indo-Pacific, India has historically been the most closed of the Quad economies and viewed by Western powers as an obstructionist to trade expansion and reforms. It has taken several seemingly contradictory positions on free trade agreements in the region, in part because it wants to liberalize different sectors than other Quad members. It viewed the TPP cautiously and did not seek membership. In April 2018, the government think tank Niti Aayog warned of the costs of the India joining the Regional Comprehensive Economic Partnership—a free-trade agreement between ASEAN, Australia, Japan, South Korea, New Zealand, China, and India. This is in part because it fears the agreement being swamped by China and widening India's trade deficit. Though such agreements would give it the expanded market access necessary for its aspiring manufacturing sector, the country still remains wary of the potential costs to its protected industries.

Securing the Commons

India is economically dependent on a stable, secure, and open maritime commons, both to its east but as much to its west. It seeks to prevent disruptions that might arise from illicit activity, violent non-state actors, or threats to the sea lines of communication. Maritime commerce is the basis of India's trade relations and a core part of its economy. Compared to China and the other Quad states, it has the highest share of trade as a percentage of GDP at 49 percent, and of that about 90 percent by volume is seaborne.²⁴ However, India diverges from its Western counterparts in two ways. First, its understanding of

the commons departs from theirs in that it asserts sovereign claims beyond its territorial waters, and restricts some freedom of navigation in its exclusive economic zone, in particular lawful military movement and intelligence gathering.²⁵

Second, India's economic interests tilt as much to its west if not more than its east—a divergence from the other Quad states. It exports about 25 percent more to the Indian Ocean region (IOR) than to the Pacific region.²⁶ If one factors in Europe (which Indian seaborne trade reaches through the IOR via the Red Sea or around Cape of Good Hope), India's IOR trade volume is almost 50 percent greater and its exports are double.²⁷ Furthermore, its critical energy resources, including 63 percent of its oil, come from the Middle East, magnifying its exposure in the western Indian Ocean.²⁸ Consequently, the maritime commons India is most economically invested in is excluded from other Quad countries' Indo-Pacific visions.

Table 1: India's Imports and Exports by Region, 2017

	\$Bn	%
Indian Ocean (Africa, MENA, South Asia)	220	31%
Indian Ocean + Europe	355	50%
Pacific Ocean (E. Asia, SE Asia, Oceania)	237	33%

Source: UN Comtrade Database; MIT Observatory of Economic Complexity

Some contend that India's Act East policy and commitments to the centrality of ASEAN provide evidence that its Indo-Pacific interests are reorienting eastward. Its trade with ASEAN states has doubled between 2011 and 2017. However, as former foreign minister Shyam Saran notes, "political relations have outpaced the economic, commercial, cultural and people to people relations," a function of still limited physical connectivity.²⁹ Prime Minister Modi has

25 Iskander Rehman, "India, China, and Differing Conceptions of the Maritime Order," Brookings, June 20, 2017, pp. 4-6.

26 The Indian Ocean Region includes South Asia, the Middle East, and Africa while the Pacific region includes East Asia, Southeast Asia, and Oceania.

27 Estimates based on 2017 import and export data derived from MIT Observatory of Economic Complexity and the UN Comtrade Database.

28 Nidhi Verma, "India's oil imports in 2017 surged to a record 4.4 million bpd," Reuters, January 17, 2018.

29 Shyam Saran, "India-Asean ties: A cup half full?," Hindustan Times, January 24, 2018.

24 Walter C. Ladwig, "Drivers of Indian Naval Expansion," in Harsh V. Pant (ed.), *The Rise of the Indian Navy: Internal Vulnerabilities, External Challenges*, Ashgate, 2012, p.19.

traveled to eight ASEAN states and he hosted all the ASEAN leaders for India's Republic Day in January 2018.³⁰ Nevertheless, trade between Indian and ASEAN countries has actually been overshadowed by China's trade with the region, which is six times greater, partly due to India's conflicted view of trade openness.³¹ Despite its lofty rhetoric, another analyst notes, "The ASEAN countries have always looked to India for balancing against China, but India has consistently disappointed them."³²

Countering China

India favors connectivity projects but sees China's infrastructure efforts, led in part by the BRI, as a direct challenge. It perceives China's increasing footprint in the Indian Ocean region to be a mission of either gradualist neo-colonial extraction or predatory lending for dual-use infrastructure that will trigger debt-for-equity swaps, strategic footholds, and outright militarization.³³ All of this poses a unique challenge to India's geopolitical position in the Indian Ocean by encroaching on and potentially curtailing its traditional sphere of influence and regional economic dominance.

To compete with the BRI, India aims to selectively bid for influence in the Indo-Pacific via economic aid and investments, public-goods provision, and some connectivity infrastructure projects. Its ability to compete with the BRI is limited by its lack of capital for a much larger portfolio or large project finance expertise. India has sought to overcome this by concentrating its efforts in the subcontinent and partnering with Japan on extra-regional initiatives like the Asia-Africa Growth Corridor.

The larger challenge for India is to balance its priorities of protecting its industry, securing the commons, and countering the BRI, with enhancing trade with and investment from China. India seeks investment to stem rising unemployment, jobless

growth, and declining public confidence.³⁴ Chinese foreign direct investment totaled \$8 billion in 2017.³⁵ Recently, China has appeared willing to drop barriers to reduce its trade surplus with India. While the Japanese and Australian economies are more dependent on trade with China, India as a less developed economy has less bargaining power to ignore Chinese economic incentives or resilience to withstand future Chinese economic coercion.

“ To compete with the BRI, India aims to selectively bid for influence in the Indo-Pacific.”

Its differences with the United States over whether to allow Chinese companies like Huawei to bid for contracts like 5G infrastructure development reveal a key tension between U.S. national security interests (shared in part by Australia and Japan) and Indian development interests.³⁶ Thus, some allege Indian emphasis on inclusivity in its Indo-Pacific strategy seeks to reassure China and to avoid disruptions to deepening Chinese economic investment.

Security Dimensions

India's strategic objectives place a premium on particular security interests in the Indo-Pacific. In the face of an emerging power transition in Asia with the rise of China, its principal objective is to maintain its ability to leverage the maritime commons for access to key theaters and to secure its political, economic, and trade interests. This translates specifically into goals to limit encroachment into its maritime domain from hostile powers, project power when necessary, and protect the sea lines of communication. India's 2015 Maritime Strategy affirmed "the incontrovertible link between secure

30 Rohan Mukherjee, "Looking West, Acting East: India's Indo-Pacific Strategy," Yale-NUS Working Paper, December 3, 2018.

31 Saran, Indian-Asean ties.

32 Suyash Desai, "Revisiting ASEAN-India Relations," *The Diplomat*, November 19, 2017.

33 Brahma Chellaney, "China's Debt-Trap Diplomacy," *Project Syndicate*, January 23, 2017.

34 Prakash Akash, "Why is India underperforming?," *Business Standard*, April 3, 2018 and Kaushik Basu, "India Can Hide Unemployment Data, but Not the Truth," *New York Times*, February 1, 2019 and Amit Basole, "State of Working India 2018," Center for Sustainable Employment, 2018 and Lokniti-CSDS-ABP News, "Mood of the Nation Survey, Round 3," May 24, 2018, p. 5

35 Times of India, "China says its investment in India crossed \$8 billion," April 26, 2018.

36 Newley Purnell, Rajesh Roy, and Dustin Volz, "U.S. Campaign Against Huawei Runs Aground in an Exploding Tech Market," *Wall Street Journal*, February 21, 2019.

seas and India's resurgence in the 21st century."³⁷

India's security approach to the Indo-Pacific therefore relies on internal and external balancing. However, relative capabilities and competing priorities uniquely constrain its ability to underwrite its individual security objectives in the region, much less those of its Quad partners. This is a potential friction point in a time of acute sensitivity to burden-sharing.

Internal Balancing

India has been internally balancing against Chinese military power by building up its military and power-projection capabilities to protect its interests in the Indo-Pacific. Over the past ten years, it has emerged as the largest arms importer in the world, spending over \$100 billion and accounting for 12 percent of global arms imports.³⁸ This has included air mobility platforms, multi-role combat aircraft, maritime reconnaissance aircraft, nuclear submarines, attack helicopters, a network of coastal radars, unmanned aerial vehicles, and other advanced intelligence, surveillance, and reconnaissance (ISR) platforms.³⁹

These platforms potentially enable India to better conduct not only missions like sea-lane security, maritime domain awareness, and humanitarian assistance and disaster relief (HADR), but also anti-submarine warfare, anti-access/area denial, and even counter/blockade missions. India has expanded its naval deployments, exercises, and ambitions, particularly in the Indian Ocean region. Though its fleet has only grown slightly, the navy has sought qualitative improvements over the past three decades.⁴⁰ Since 2017, it has also increased the number of continuous deployments to seven theaters in the Indian Ocean.

India has developed ambitions for a more proactive power-projection strategy and operational concepts for offensive cost-imposition, but these are concentrated in the continental rather than naval theater, and generally lack sufficient resourcing to

produce and sustain such a posture in a conflict.⁴¹ India's internal balancing efforts are constrained by budget issues and by competing economic priorities and status-seeking ambitions as well as by deficiencies in strategic planning, defense acquisitions, civil-military relations, and intra-military jointness. While naval capabilities have grown, there seems to be no serious effort to correct the budgetary asymmetry in which the army gets the lion's share of resources. Furthermore, naval spending, like all Indian defense spending, suffers from general problems of divisions over procurement, resulting in delays and cost overruns. One consequence is that key strategic assets like the Andaman and Nicobar islands, which sit at the mouth of the Strait of Malacca and could provide a critical node for compellence or deterrence, have been underdeveloped and require expanded capability and operations.⁴²

Furthermore, India faces a fundamental tension between importing the highest quality military hardware and platforms to generate capability now and investing in the time-intensive indigenization of advanced military industrial production to generate economic dividends, jobs, technology spillovers, and the economic sustainability of a major arms buildup.⁴³

Finally, India has prioritized the appearance of hard-power projection capability to obtain the status of a premier blue-water navy, but there remains a gap between plans and implementation. It has significant deficiencies in amphibious platforms, land-attack capabilities for sustained strikes on shore, or the accompanying anti-submarine warfare, air defense, and airborne early-warning capabilities. This might suggest the navy is in fact more "focus[ed] on the 'softer' aspects of power projection," such as HADR.⁴⁴ There may also be a fundamental tension within the military over realistic versus optimal capabilities. Some have argued the navy risks "dangerous delusions of grandeur" and should shy away from power projection, instead choosing the asymmetric

37 Roy-Chaudhury and Estrada, *India, the Indo-Pacific, and the Quad*, p. 2.

38 Pieter D. Wezeman, Aude Fleurant, Alexandra Kuimova, Nan Tian, and Siemon T. Wezeman, "Trends in international arms transfers, 2017," SIPRI, March 2018.

39 Oscar Nkala, "India developing network of coastal radars," *Defense News*, March 20, 2015 and Rahul Singh, "India still largest arms importer, spent more than \$100 b in last 10 years: SIPRI," *Hindustan Times*, March 12, 2018.

40 Ladwig, *Drivers of Indian Naval Expansion*, p. 2.

41 Yogesh Joshi and Anit Mukherjee, "From Denial to Punishment: The Security Dilemma and Changes in India's Military Strategy Towards China," *Asian Security*, 15:1, November 2018.

42 Darshana M. Baruah, "The Andaman and Nicobar Islands: India's Eastern Anchor in a Changing Indo-Pacific," *War on the Rocks*, March 21, 2018.

43 Ashley Tellis, "Troubles They Come in Battalions: The Manifold Travails of the Indian Air Force," *Carnegie Endowment*, March 26, 2016.

44 Ladwig, *Drivers of Indian Naval Expansion*, pp. 17-18. Others may disagree. See Joshi and Mukherjee, 2018.

capabilities of a sea-denial strategy to defend India's interests.⁴⁵ Others contend sea control and power projection are essential.⁴⁶ Resolution of this strategic debate has yet to be reflected in its naval build-up and modernization efforts.

The Indian military also faces more general problems including a dysfunctional civil-military disconnect, a lack of jointness, and a military culture that heavily discounts logistics and upkeep.⁴⁷ The gulf between the potential and the reality of India's power was demonstrated in an episode during its 2017 crisis with China. The country's civilian leadership reportedly sought to send out its only nuclear-powered, nuclear-capable submarine on a deterrent mission as a show of resolve to China, only to discover it was not functional and had been dry-docked for months.⁴⁸

External Balancing

India has put more emphasis on externally balancing China to secure its strategic interests in the Indo-Pacific by building or deepening military partnerships with several regional and major powers, most notably the United States. Since the early 2000s, strategic engagement with the United States has deepened with annual military exercises, strategic dialogues, technology transfers and joint development of new military technologies, and a \$18 billion increase in U.S. arms sales since 2008.⁴⁹

In addition, India has secured several strategic partnerships and conducted naval exercises with other states including Japan, France, and Canada, alongside access to port facilities and military logistics from Oman to Singapore to Indonesia. It has also stepped up its security cooperation with several ASEAN states on counterterrorism and maritime security to help them counter illegal

fishing and other illicit activity.

India experiences two main constraints on its external balancing aside from its nonalignment preference. First, geography dictates priorities and as a state with scarcer resources than all its other Quad partners, it privileges its neighborhood, and in particular, the Western Indian Ocean region.

“ India has put more emphasis on externally balancing China to secure its strategic interests in the Indo-Pacific.”

Furthermore, India has been sensitive to negative reactions of proximate third parties, emphasizing the centrality of its relationship with ASEAN, and consequently more timid of more entangled military relationships, especially as ASEAN states see the Quad as potentially competing with rather than complementing “ASEAN centrality.”⁵⁰ In particular India has stiff-armed Australia when it comes to participating in its annual Malabar naval exercises, claiming to be unsure of the country's strategic clarity with respect to China.

The second issue is India's vast stock of Russian legacy platforms, which limits its ability to integrate truly with the other Quad members. Most of its complex military systems—combat aircraft, major naval platforms (aircraft carrier, submarines, destroyers, frigates), and its air-defense system are Russian—which creates interoperability challenges. Even as India acquires new systems from the United States and others for airlift, maritime surveillance, and ISR, and as it signs foundational agreements for secure communications and intelligence sharing (albeit slowly), the difficulty of linking multiple systems will inhibit synergies, overall combat effectiveness, and military interoperability with its Quad partners.⁵¹ India continues to procure Russian systems for cost-

45 Abhijit Iyer-Mitra, “The problem with India's naval build-up,” Livemint, March 15, 2017.

46 S. Paul Kapur and William McQuilkin, “Preparing for the Future Indian Ocean Security Environment,” in Sushant Singh and Pushan Das (eds.), *Defence Primer 2017*, Observer Research Foundation, January 2017 and Abhijit Singh, “Making the case for India's naval build-up,” Livemint, March 24, 2017.

47 Anit Mukherjee, “Fighting Separately: Jointness and Civil-Military Relations in India,” *Journal of Strategic Studies*, 40:1-2, 2017 and Shashank Joshi, “Indian Power Projection: Ambition, Arms and Influence,” *Royal United Services Institute Whitehall Papers*, January 15, 2016.

48 Dinakar Peri and Josy Joseph, “INS Arihant left crippled after ‘accident’ 10 months ago,” *The Hindu*, January 8, 2018.

49 U.S. State Department, “Special Briefing: Previewing the Upcoming U.S.-India 2+2 Ministerial Dialogue,” August 30, 2018.

50 Joel Ng, “The Quadrilateral Conundrum: Can ASEAN Be Persuaded?” *RSIS Commentary*, 210, July 17 2018.

51 Indian Express, “U.S. team of experts in Delhi to discuss key military agreement,” June 18, 2018.

efficiency, indigenization and licensing potential, or possibly to prevent Russia from moving even closer to China. Nevertheless, systems like the S-400 that could pose obstacles for greater interoperability with the Quad.⁵²

Conclusion

The United States and its allies Japan and Australia appear committed to employing diplomatic, economic, and especially military means to balance China's power projection in the East and South China seas—either to contain it within the First or Second Island Chains or at least to ensure it is employed responsibly. While India speaks in common terms and ideas with its Quad partners, it exhibits a lot of divergence in interests and capabilities. Politically, it remains distrustful of anything resembling entanglements and benefits from being courted as a swing state. Economically, India still believes it has much to gain from expanding engagement with a rising China rather than containment, even as other Quad partners seek to reduce their exposure. In security terms, it is stretched thinner by multiple adversaries across multiple domains while the other Quad countries benefit from, and can concentrate on enhancing, the stopping power of water.

India's strategic objectives dictate a broader set of partners and tools in its approach to the Free and Open Indo-Pacific. This may ultimately dilute rather than enhance the overall utility of the Quad. While the Quad is a mechanism designed to generate convergence on core values, objectives, and capabilities—reflected in their collective endorsement of the Free and Open Indo-Pacific construct—it will be tested by centrifugal forces, most notably from India, which will avoid or at least substantially delay convergence. Absent major changes in structural incentives, divergent priorities and lesser capabilities will continue to limit India's contribution to and integration with the Quad in the medium to long term.

If there is significant overlap in interests between the United States, Japan, Australia, and India, what is the concern for some divergence? First, several small divergences add up to big ones. If India and the Quad states agree on core principles but diverge on

tactics, modalities, and priorities, this can amount to strategic dissonance. Second, divergence by definition makes signaling a unified front difficult and can invite hostile efforts at political decoupling. Third, divergence exposes mismatched expectations. Outsized expectations left unfulfilled can produce new frictions and even longer-term hostilities. Perceptions of free-riding, entanglement or abandonment can stoke nationalist reactions within competitive democratic politics. Finally, appreciating divergences helps policymakers appreciate the costs of alliance or alignment management. Rather than assume that the Free and Open Indo-Pacific will consist of frictionless “natural” partnerships, policymakers need to anticipate and plan for the tools of diplomacy and costs of bargaining to ensure the construct is sustainable.

If the Quad appears to be developing into more of a three-legged chair with less Indian engagement, the United States, Japan, and Australia may need to think through alternative concepts to achieve interest convergence and aggregated capability to counterbalance a rising China. One such alternative might be to lower expectations from seeing India as a “major defense partner” and embrace it instead as one node within the a networked security architecture or federated defense concept, alongside several other partnerships, including with the Philippines, Thailand, Vietnam, Indonesia, and Singapore. Another might be to invest substantial diplomatic efforts and offer much greater incentives to fundamentally reorient India's decision calculus. A third may be to adopt a non-zero sum approach to competition with China so that it can allow space for some cooperation—by the United and its partners—with China. Absent one of these adjustments, it seems unlikely the current approach and pace of harmonization of balancing efforts will yield a unified Free and Open Indo-Pacific strategy over the next decade.

⁵² Ashley Tellis, “How Can U.S.-India Relations Survive the S-400 Deal?,” Carnegie Endowment, August 29, 2018.

OLD SAKE, NEW BARREL? JAPAN'S FREE AND OPEN INDO-PACIFIC STRATEGY

WRENN YENNIE-LINDGREN

Japan has played an intrinsic role in formulating and promoting the concept of a “Free and Open Indo-Pacific” (FOIP) by making its version a core element of its foreign policy repertoire as it continues to strengthen and expand its presence beyond its immediate neighborhood. First formally introduced in a November 2016 statement¹ by Prime Minister Shinzō Abe and Prime Minister Narendra Modi of India, the thrust of Japan’s Free and Open Indo-Pacific Strategy (*jiyu de akareta indo taiheiyo senraku*) is to enhance global stability and prosperity, according to the Ministry of Foreign Affairs.² Top policymakers believe that combining two continents and two oceans, along with the merging of two of the Abe government’s most prominent policy slogans—“Diplomacy that takes a panoramic perspective of the world map” and “Proactive contribution to peace”—into their political, diplomatic, and economic approach will significantly reinforce regional stability, prosperity and livelihoods, reaping benefits for Japan’s policy interests and those of its allies.

For Japan, the Indo-Pacific region extends from the east coast of Africa to the west coasts of North and South America, merging developing and developed continents as well as a significant part of the world’s land and ocean mass along with some of its most resource-rich and population-dense areas. The strategy is best described as an initiative that aims to broaden Japanese foreign policy by prioritizing the physical and social development of this extensive geographic space. Many of the initiatives that this involves—such as capacity building, economic

development, promoting market-based economies, and peace and prosperity through rules-based international order—are nothing new to Japan’s foreign policy. They have been core elements of its diplomatic toolkit for decades. This is perhaps why defining the new or innovative aspects of the strategy has proven challenging. The all-encompassing nature of the strategy, which not only covers a significant geographic space but also incorporates lofty policy aims, is a direct challenge to its active marketing.

Japan perceives China’s re-emergence as a global superpower to be the major geopolitical challenge in the coming decades and it is clear through rhetoric and action that its strategy for a Free and Open Indo-Pacific was tailored against this backdrop. Arguing that it has become increasingly difficult for a single country to respond to regional security concerns of the Asia-Pacific, Japan encourages and welcomes the participation of regional allies in the enactment of its FOIP strategy. In this sense, it continues to promote values-oriented diplomacy (*kachikan gaiko*) with its mantra of “openness, soundness and inclusiveness” in the Indo-Pacific region.

Diplomatic and Political Dimensions

The punch of Japan’s FOIP strategy thus far has been largely diplomatic. In introducing the policy at the 6th Tokyo International Conference on African Development in Nairobi in 2016, Prime Minister Abe emphasized the important leadership role that the country plays in contributing to the development and security of the Indo-Pacific region, stating that “Japan bears the responsibility of fostering the confluence of the Pacific and Indian Oceans and of Asia and Africa into a place that values freedom, the rule of law, and the market economy, free from

1 Ministry of Foreign Affairs of Japan, “Japan-India Joint Statement,” November 11, 2016.

2 Ministry of Foreign Affairs of Japan, “Free and Open Indo-Pacific,” December 20, 2018.

force or coercion, and making it prosperous.”³ Since then emphasis on creating vibrancy from the east coast of Africa, through the Middle East and the Indian subcontinent, Southeast Asia, the Pacific and to the west coast of North and South America has become a key message in Japan’s diplomacy. Foreign Minister Taro Kono has been a vocal spokesperson for the strategy, repeatedly emphasizing its aim for Indo-Pacific dynamism. His message is one of not just economic strengthening but also political strengthening, rooted in the promotion of the rule of law, freedom of navigation and market economy.

The starting point of Japan’s policy is East Asia, then extending to the Middle East and Africa. While it views regional partners in the east (United States), west (India) and south (Australia) as crucial contributors to the realization of its vision for a vibrant and peaceful Indo-Pacific, Foreign Minister Kono identifies the Association of Southeast Asian Nations (ASEAN)

“ ***For Japan, the Indo-Pacific region extends from the east coast of Africa to the west coasts of North and South America.*** ”

as the hub and geographic heart of Japan’s strategy.⁴ This is not surprising since ASEAN members have shared longstanding economic and cultural ties with Japan, and they are also increasingly its defense partners. Japan’s 2016 Vientiane Vision⁵ laid out plans for more integrated defense cooperation with ASEAN and echoed the core initiatives of the FOIP strategy in its commitment to promote international law (especially concerning maritime security), to enhance capacity-building cooperation through sharing know-how about defense buildup planning and humanitarian assistance and disaster relief, and

3 Ministry of Foreign Affairs of Japan, “Address by Prime Minister Shinzo Abe at the Opening Session of the Sixth Tokyo International Conference on African Development (TICAD VI),” August 27, 2016..

4 Walter Sim, “Asean at heart of Japan’s Free and Open Indo-Pacific Strategy: Kono,” The Straits Times, July 27, 2018.

5 Ministry of Foreign Affairs of Japan, “Vientiane Vision: Japan’s Defense Cooperation Initiative with ASEAN,” November 2016.

to transfer equipment and technology, including the human resources knowledge needed for effective use. Since the diplomatic onset of Japan’s FOIP strategy in 2016, ASEAN countries have witnessed an increase in Japanese diplomatic visits, port visits by the Japanese Coast Guard, development aid infrastructure projects, and trainings for capacity building. Through its promotion of common interests such as maritime security cooperation and law enforcement, disaster relief and humanitarian assistance capacity building, and improving regional connectivity, Japan believes that bilateral and multilateral cooperation with ASEAN will be reinforced for the better of the entire Indo-Pacific region.

Economic Dimensions

The economic dimension of Japan’s FOIP is beginning to take shape through the incorporation of long-standing economic policy within the geographic purview of the strategy. Linkages to official development assistance were made explicit in the 2018 Development Cooperation White Paper, which stated that the Indo-Pacific would be a focus area.⁶ The budget of the Japan International Cooperation Agency (JICA) was an estimated \$16 billion for FY2017, consisting of financial and investment operations, technical cooperation, and grant aid.⁷ Over 70 percent went to Indo-Pacific countries, with India being the largest recipient.⁸

Connectivity is the main buzzword for the economic element of Japan’s FOIP. Here, it targets three areas in particular: the East-West and Southern Economic Corridors in Southeast Asia, the North East Connectivity Improvement Project (India) and the Bay of Bengal Industrial Growth Zone in Southwest Asia, and the Southeast Asia to Southeast Africa Northern Corridor through Southwest Asia and the Middle East. ASEAN remains an economic focus area due to its geographic position and important role in the promotion of the values in Japan’s FOIP strategy, namely the rule of law, freedom of navigation and market economy. Southeast Asian connectivity is being realized through public transportation projects

6 Ministry of Foreign Affairs of Japan, “Japan’s International Cooperation 2017,” October 9, 2018.

7 Shinichi Kitaoka, “JICA triggers a virtuous cycle towards the achievement of SDGs in ASEAN and beyond,” The Worldfolio, January 26, 2018.

8 Nikkei Asian Review, “Japan shifts focus of its development assistance to Indo-Pacific,” August 15, 2018.

such as the Yangon-Mandalay railway, for which JICA is providing a \$2 billion loan to a five-year upgrade and repairs project.⁹ India's Act East Policy—which promotes enhancing maritime security cooperation, infrastructure development, and bilateral expert information exchange—aligns with Japan's vision to safeguard and strengthen a rules-based order.¹⁰

“ Japan has not ruled out the possibility of cooperation with China on issues that are at the core of the FOIP, but it has emphasized that cooperation would have to come hand in hand with the values promoted by the strategy.”

The two partners have enhanced their cooperation on infrastructure development with the Mumbai-Ahmedabad high-speed-rail project underway. India plans to purchase 18 Japanese bullet trains and Japan will provide guidance on railway technology safety.¹¹

Through the promotion of the strategy's “economic prosperity through economic activity” approach, Japan has doubled its efforts to conclude trade agreements and to go beyond the heavy promotion of quality infrastructure to also discuss human development. Japan reinforced its commitment to free trade with Indo-Pacific partners when it signed the historic Trans-Pacific Partnership in March 2018.¹² Negotiations for the Regional Comprehensive Economic Partnership have been ongoing since 2013 and will continue in 2019, keeping alive the possibility

of a trade agreement among the 10 ASEAN members, India, Japan, South Korea, Australia, New Zealand, and China. All of these countries, save China, are key to Japan's FOIP vision.

It is often suggested that Japan's FOIP is a reaction to China's Belt Road Initiative (BRI). Its strategy is indeed in response to regional developments that it is wary of, namely actions by China that are perceived to be based on unilateral interests. However, seeing the strategy as a direct response to the BRI is incorrect. Japan has not ruled out the possibility of cooperation with China on issues that are at the core of the FOIP, but it has emphasized that cooperation would have to come hand in hand with the values promoted by the strategy. Officials emphasize that Japan is interested in “quality growth” and “quality infrastructure” because this promotes sustainability and is environmentally friendly. Such a framing can easily be perceived as critical of Chinese approaches to development, which often do not give equivalent consideration to environmental factors. Critics point out that Chinese projects under the BRI are driven by the supply side but that Japan wants to emphasize the demand side in its strategy. An often cited cautionary tale is the case of the Hambantota Port in Sri Lanka, in which unmet debt payments resulted in a 99-year lease to China of the 15,000 acres of land concerned.¹³

One of the potentially most problematic aspects of Japan's FOIP is the financial one. How is a country that suffers from a severe national debt and a particularly challenging demographic outlook going to pay for the strategy? Given that it is based on economic development and cooperation, one might assume that the Ministry of Economy, Trade and Industry would be one major institution charged with execution of the strategy, yet it has no formal FOIP agenda of any kind. It is clear from diplomatic statements and interaction that the Ministry of Foreign Affairs plays a lead role in the promotion of the FOIP, with the Ministry of Defense playing more of an auxiliary role in its promotion of the security dimension of the strategy.

9 Japan International Cooperation Agency, “Press Release: Signing of Japanese ODA Loan Agreements with Myanmar: Building basic infrastructure and alleviating regional poverty,” March 1, 2017.

10 Ministry of Foreign Affairs of Japan, “Japan-India Joint Statement: Toward a Free, Open and Prosperous Indo-Pacific,” September 3, 2018.

11 Business Standard, “NDA Govt to buy 18 Shinkansen bullet trains from Japan for Rs 70 bn: Report,” November 29, 2018.

12 Takashi Shiraisi, “What the Indo-Pacific Means for Japan,” The Yomiuri Shimbun, May 8, 2018, .

13 Lasanda Kurukulasuriya, “Japan Eyes Sri Lanka's Deep Water Port of Trincomalee,” The Diplomat, August 31, 2018, .

Security Dimensions

The security component of Japan's FOIP strategy, like the political and economic ones, is rooted in previous initiatives that strengthen the country's role in promoting peace and regional stability. Addressing traditional and non-traditional concerns, and emphasizing heightened cooperation in the fields of humanitarian assistance and disaster relief, anti-piracy, counter-terrorism and non-proliferation, the security aspect coincides with the initiatives of other recent security policy upgrades, such as those outlined in Japan's first National Security Strategy¹⁴ and the revised guidelines for US-Japan Defense Coordination in 2013.¹⁵ Here, Japan is not only to provide the monetary and physical means to enhance cooperation, but also the human development and know-how.

In achieving Japan's vision of a Free and Open Indo-Pacific, bilateral defense partnerships, increasing interoperability and knowledge sharing are prioritized. When it comes to defense partnerships, Japan has been particularly keen on heightening its strategic engagement with India and Australia, with both of which it has established 2+2 defense and security talks. Japan sees India as a key strategic collaborator bilaterally and in the region, given the country's historic relationships and experience in East Africa. When it comes to Australia, Japan is now deepening its level of engagement through its special strategic partnership (2015), and it is for the first time starting to ease the legal framework around conducting joint exercises to allow for the exchange of military equipment and ammunition.¹⁶ Japan recognizes that the staunch engagement of the United States can no longer be taken for granted. The Indo-Pacific strategy is thus also seen as a means to reengage Japan's closest security ally with other regional allies and the other two Quad countries (Australia and India). Trilateral cooperation with India and the United States on exercises, such as the Malabar naval exercise in the Bay of Bengal, has been maintained.

¹⁴ Ministry of Foreign Affairs of Japan, "Japan's Security Policy: National Security Strategy," April 6, 2016.

¹⁵ Ministry of Defense of Japan, "The Guidelines for Japan-U.S. Defense Cooperation," April 27, 2015.

¹⁶ Thisanka Siripala, "Japan, Australia Step Up Defense Cooperation," *The Diplomat*, January 23, 2018.

The centerpiece of Japanese security policy under Prime Minister Abe is maritime security. As stated in the 2018 Ministry of Foreign Affairs' Diplomatic Bluebook, "A free and open maritime order based on the rule of law is a cornerstone of the stability and prosperity of the international community."¹⁷ Maritime security is the focus of the 2018 National Defense Program Guidelines¹⁸ and Plan on the Third Basic Plan on Ocean Policy.¹⁹ Under Abe, Japan has put great economic and human resources into the promotion of a rules-based maritime order and the FOIP strategy is no exception. One of the main security initiatives in the strategy is to assist the coastal countries of the Indo-Pacific with capacity building. This involves strengthening maritime law-enforcement capacity and providing training to use related technologies. To this end, the Japanese Coast Guard has increased its engagement in littoral

“ The centerpiece of Japanese security policy under Prime Minister Abe is maritime security.”

states of the Indo-Pacific by providing training, technical assistance, and equipment. Through JICA's development assistance programs, Japan has provided access to the monetary and physical resources needed to enhance the maritime capacity of several Southeast Asian nations, such as Malaysia, the Philippines, Indonesia, and Vietnam. In addition to providing equipment such as patrol boats, Japan has provided the technical know-how and is conducting joint training programs and reinforcing counterpiracy operations with counterpart coast guards. The supported states are all crucial to promoting free and safe passage in international waters. They are located in close proximity to sea lines of communication, such as the Strait of Malacca, that are vital to Japanese national interests and productivity.

¹⁷ Ministry of Foreign Affairs of Japan, "The Diplomatic Bluebook 2018," September 20, 2018, p. 20.

¹⁸ Ministry of Defense of Japan, "National Defense Program Guidelines," December 18, 2018.

¹⁹ Cabinet Office of Japan, "The Third Basic Plan on Ocean Policy," May 15, 2018.

Conclusion

The idea of a Free and Open Indo Pacific is at the core of Japanese foreign policy today. Politically, it is broad in scope and it is heavily used as a strategic communications concept in diplomatic engagements. The strategy, which dictates priority areas and partners, is an all-encompassing effort to manage the change taking place in Asia along the lines of Japanese values and interests. Economically, it currently emphasizes areas where Japan has had a long history of engagement (ASEAN) and where

“ Japan’s FOIP strategy is in part directed to counter the rise and influence of China through values-based diplomacy.”

it can reinforce freedom of trade and its oversight. It is understood that with time the strategy will expand where Japan has less of a track record (i.e. East Africa) but where Indo-Pacific allies, such as India, can facilitate development and cooperation. Japan’s FOIP dovetails with its development policy, resulting in clear increases in assistance to Indo-Pacific countries. Concerning security, Japan views regional order as a group initiative that will call not only on its main security ally, the United States, but also on the Quad arrangement to a greater degree.

Japan’s FOIP strategy is in part directed to counter the rise and influence of China through values-based diplomacy. Japan realizes that making

China “behave” on Japanese terms is becoming increasingly difficult. Through the FOIP it is in part employing the interests of regional allies to the same cause: peaceful and free development in the region. There is a sense in Japan that China’s sphere of influence is growing, especially in the maritime realm, and that China’s unilateral attempts to change order in the East and South China Seas are hugely problematic. Officials have been clear that Japan is not willing to sacrifice its national interest in exchange for improving the bilateral relationship and that they see China’s unilateral actions as threatening peace and stability in the region.²⁰

A significant challenge for Japan’s strategy, as with those of Australia, India and the United States, has been moving beyond rhetoric to practice. Much about the FOIP strategy—from its inception to its content, to its intentions and objectives—is debated ad nauseum among policymakers and academics yet over two years since its formal introduction there is still little consensus. When it comes to Japan, this is largely due to the lack of clarity about what is new in the FOIP. The test in the coming months and years will be to shift the focus from the idea of the FOIP to the enactment of its content, and especially what is new in it. Moving Japan’s strategy from a work-in-progress to a concrete initiative with clear political, economic, and security contributions beyond prior initiatives will be imperative in convincing partners and the public that the policy is not mere talk. With the current approach, the strategy risks being overlooked as a case of old sake in new bottles. If specific details continue to be hard to come across, criticism that it is just a conglomeration of pre-existing, fragmented policies rather than a new strategy will continue to gain traction and overshadow the free and open aspects of Japan’s new frontier of diplomacy.

²⁰ Nobukatsu Kanehara, “The Case for a New US-Japan Strategy: Why We Need a Free and Open Indo-Pacific,” *The Diplomat*, March 8, 2018.

STATUS QUO NO LONGER? TAIWAN'S VISION FOR A FREE AND OPEN INDO-PACIFIC

CHRISTOPHER BASSLER

The concept of a Free and Open Indo-Pacific (FOIP) is foundational to preserving Taiwan's ability for self-determination. Actions and developments associated with FOIP, by Taiwan as well as other states throughout the region, will be integral to determining the country's security and prosperity.

Taiwan's top priority for a FOIP is to ensure its own survival with its ability to make decisions and take actions freely. To achieve this, it must avoid backsliding from the status quo of the last thirty years, and ultimately avoid China's attempts at reunification. The recent experiences of Hong Kong, Tibet, and Xinjiang have provided Taiwan with stark examples of the reality of Beijing's perception of the "one country, two systems" concept from the 1992 consensus and the dangers that China's interpretation poses for Taiwan. While neither side seeks conflict, the divergence between Chinese rhetoric of "forceful reunification" and the continued growth of the people of Taiwan's self-image of a separate identity increases friction and the likelihood of confrontation. Due to China's efforts, Taiwan is nearing a crossroads where it faces diplomatic isolation and its ability to maintain a credible deterrent is in jeopardy.

Taiwan's objectives in the near-term include the ability to maintain, or perhaps increase, its ability for self-determination, unraveling and reducing economic interdependency with China, and achieving prosperity through economic growth and security for its people. To accomplish these objectives, Taiwan has been working to strengthen and deepen its ties to the United States, to cultivate other diplomatic and security relationships in the region, and to develop

alternatives for economic growth throughout the region. A capstone effort encompassing these imperatives is the New Southbound Policy.

Within the FOIP, Taiwan offers a model of economic growth through education and technology, a model of success in shifting from an authoritarian to a democratic system of government, and a crucial geostrategic element as the geographic keystone of the First Island Chain in the western Pacific. Because of Taiwan's long-standing political situation, nations supporting the rules-based order have an opportunity to consider the country as a focal point for support, despite the diplomatic difficulties involved. Taiwan is also an eager partner in supporting development and democracy in the Indo-Pacific region, with particular emphasis on Southeast Asia.

The preservation of the liberal, rules-based international order across the Indo-Pacific, with the support of the United States and like-minded countries in the region, is inextricably linked to Taiwan. The achievement of the foundational goals and visions of the FOIP is directly correlated to the fate of Taiwan.

Avoiding Isolation and a Beacon for the FOIP

Considering the issues and challenges Taiwan faces, diplomatic engagement is critical to its role and success in a Free and Open Indo-Pacific. It knows it must avoid further isolation and increase its influence and ties in the region, as well as globally, where China's leverage may be reduced. In addition to the United States, Taiwan has been actively seeking to strengthen its ties with Japan, the other major

The views expressed are those of the author, and do not necessarily reflect the official policy or position of the Department of Defense or the U.S. government.

power in the region that can counterbalance China.

The contrast between Taiwan's peaceful, multiparty democratic elections and China's increased political repression is stark. The country's democracy is still young, with the first democratic presidential election held in 1996. The year 2020 will see the fifth reoccurrence of presidential elections and, with it, the potential for another peaceful transition of power. Taiwan continues to be a democratic example to other countries in the region. Increasingly, China is using "sharp power" and active measures in Taiwan's domestic politics and media to create divisions and minimize the increasing sentiment of the population for self-determination and potentially independence. China has increased its efforts to influence elections and public opinion through social media tools and Taiwanese businesses that have major activities and interests on the mainland. Despite the increasing sophistication of Chinese

“ China’s continued aggressive campaign to further isolate it from the international community is likely to result in Taiwan having a more active approach to establishing and maintaining diplomatic ties.”

approaches, the government and people of Taiwan have recognized this and are seeking ways to blunt Chinese attempts to influence their domestic affairs.

President Xi Jinping's rhetoric, which is primarily designed for a mainland audience, and the increasing awareness of the fate of Hong Kong, Tibet, and Xinjiang despite Beijing's promises of respecting the "one country, two systems" principle, have strengthened the resolve of the Taiwanese population with regard to self-determination. Although the Kuomintang harbored aspirations of reunification of the mainland under the Republic of

China for many decades, the younger generations in Taiwan have largely abandoned this, and instead increasingly seek to cultivate and acknowledge a nascent national self-identity of "Taiwanese-ness." According to one survey of attitudes over a long period, since 2009 a majority of Taiwan's residents have identified as exclusively Taiwanese.¹ This emerging self-perception remains incomplete, but additional governmental efforts to acknowledge indigenous people have also reinforced it.

Taiwan's Democratic Progressive Party (DPP), led by President Tsai Ing-wen, has refused to accept China's interpretation of the 1992 consensus, while still working to establish and use various communication channels with Beijing. In parallel, Taiwan has sought to deepen communications channels with the U.S. When she spoke with then President-elect Donald Trump in December 2016, President Tsai had the first high-level contact with a U.S. president, or president-elect, since 1979.

Taiwan continues to maintain a moderate approach in its foreign policy. However, China's continued aggressive campaign to further isolate it from the international community is likely to result in Taiwan having a more active approach to establishing and maintaining diplomatic ties. In 2016, Taiwan unveiled its New Southbound Policy.² This represents the effort of the Tsai administration to reduce economic interdependency with China and to increase comprehensive relations and exchanges with key nations in Southeast and South Asia. With this emphasis, Taiwan has created an opening for positively reinforcing its image across the Indo-Pacific and minimizing opportunities for provocation by China. Directly and indirectly, Taiwan can provide an example of democratization to the countries included in the New Southbound Policy. The New Southbound Policy aligns it closely with the FOIP visions of the United States and Japan. Taiwan also has a unique opportunity, in its engagement throughout the Indo-Pacific region, to provide sobering accounts of Chinese activities, as a harbinger and indicator to states in the region that

1 Election Study Center, "Latest Trend of Taiwanese Core Political Attitude," in National Chengchi University, Survey of Taiwanese / Chinese Identity (1992/06-2018/12), January 28, 2019.

2 Executive Yuan, Republic of China, "New Southbound Policy Promotion Plan," September 26, 2016.

may not understand, or appreciate, China's efforts to seek coercive influence and leverage.

Conscious Economic Uncoupling and Shift to the South

Since the 1992 Consensus, Taiwan's economy has become more intertwined with that of China. The close proximity and shared language and culture, coupled with the rapid and sustained growth of China, has been very attractive to Taiwanese businesses. The 2016 presidential election was in large part a referendum on the Kuomintang's close ties to Beijing. The population of Taiwan recognized that these increasing ties would greatly influence the trajectory of the country—either to speed up reunification or to bring Taiwan under Communist Party rule—and that significant efforts would have to be undertaken to begin a “conscious uncoupling” of the two economies and reduce Taiwan's dependency

“ Because of the structure of Taiwan's economy, the most attractive alternative to China has been the rapidly growing markets and populations of Southeast and South Asia.”

on China. Although not an immediate consideration, the continued recent slowdown of China's economy and its knock-on effects to Taiwan's economy are an additional source of concern.

Because of the structure of Taiwan's economy, the most attractive alternative to China has been the rapidly growing markets and populations of Southeast and South Asia. Taiwan's economy is reliant on a combination of exports, cheap labor for outsourced supply-chain functions, specifically related to light manufacturing, and an immigration pool for the domestic labor force to continue to achieve economic

growth. Because of static birth rates, Taiwan has been more open to revising its immigration policy than many other East Asian nations. With its cost of living, its education levels and opportunities, and its job market, it is increasingly becoming an attractive immigration destination in East Asia.

Deterrence Through Resilience

Taiwan's geographic position and political situation ensure that security is constantly at the forefront of its considerations about itself and the Indo-Pacific region. China has increased its efforts to isolate the country by wooing away its diplomatic allies and attempting to intimidate it by sending military airplanes and naval ships to stage military drills near its airspace and waters. Taiwan is the keystone of the First Island Chain and its location also makes it the lynchpin of the efforts by like-minded countries to preserve freedom of navigation.

Taiwan offers other nations in the Indo-Pacific region an example when it comes to developing a credible anti access/area denial (A2AD) strategy against a regional hegemon, in this case China. Despite the massive destructive capability that China possesses, the defensive capabilities to blunt power projection through undersea warfare, robust air defense, repelling an amphibious invasion, and ultimately a protracted insurgency waged on difficult domestic terrain, serve as a strong and sobering deterrence against any attempt at “forceful reunification.”

Despite robust rhetoric from the leadership of the Communist Party, the assessments of China's own military indicate concerns over the ability to successfully carry out an invasion.³ And, even if an invasion were to be successful, the ability to occupy and pacify the island's residents to achieve reunification is unlikely. Ultimately, Taiwan's continued deterrence has the ability to deny China a decisive military victory.⁴

In 2018, President Trump signed into law the Binding Taiwan Travel Act. Coupled with the 2018

3 Tanner Greer, “Taiwan Can Win a War With China” Foreign Policy, September 25, 2018.

4 Michael Beckley, “The Emerging Military Balance in East Asia: How China's Neighbors Can Check Chinese Naval Expansion,” International Security, 42:2, 2017.

National Defense Authorization Act,⁵ these two pieces of U.S. legislation emphasized strengthening the defense partnership between the two countries and normalizing the transfer of defense articles and defense services to Taiwan. Specific priority was given to the need to increase visits and exchanges between military officers and senior officials as well as the number of Taiwanese personnel to be trained in the United States, and to explore the feasibility of port visits by U.S. and Taiwanese naval vessels.

At the 2018 Asia-Pacific Security Dialogue, President Tsai said: “We are committed to robust defense and deterrence forces. Our defense expenditures will keep pace with our needs and GDP growth, and we are developing our indigenous defense industry as well.”⁶ However, Taiwan must continue to refine its A2AD strategy. These efforts should be increased in part by participation in multilateral exercises, even if only with “observer” status. The United States continues to be the key external guarantor of Taiwan’s security, but increasingly other like-minded nations in the Indo-Pacific are recognizing the strategic importance of Taiwan and considering options and efforts for further interaction and support.

Conclusion

A Free and Open Indo-Pacific is critical to Taiwan’s survival and Taiwan is an important bulwark and role model for other nations in the region. Its New Southbound Policy may provide a strategic roadmap for other nations in the Indo-Pacific to decouple economically from China. Taiwan’s efforts, supported by the United States and others, to develop and maintain its defensive capabilities is essential to preserving the keystone of the First Island Chain, as well as showing others that a small nation can develop suitable deterrence capabilities in the face of aggressive posturing. Taiwan also remains at the forefront of Chinese interference campaigns and lessons learned from its experience should be valuable to nations throughout the Indo-Pacific. Taiwan should make more concerted efforts to appeal to its diaspora in the United States and the Indo-Pacific, as a potential means to address China’s

strategy of eroding its diplomatic relationships. Taiwan can be a great example that, despite facing great pressure and obstacles, there is the possibility for countries to grow and prosper within the rules-based order of the FOIP.

Many in the policy communities of Taiwan, the United States, China, and other countries in the Indo-Pacific will call for preserving the status quo. While direct confrontation with China should be minimized, Taiwan’s situation is changing. Successfully navigating this challenging situation is critical to keeping regional stability and peace,

“ ***A Free and Open Indo-Pacific is critical to Taiwan’s survival and Taiwan is an important bulwark and role model for other nations in the region.*** ”

and it relies on keeping the United States engaged in East Asia and the broader Indo-Pacific, resisting China’s pressure and blunting its “sharp power,” and linking continued rhetoric and actions under the New Southbound Policy to the FOIP. Ultimately the Taiwanese people’s views of self-determination and their aspirations, especially those of the younger generations, will determine the country’s vision and contributions to a Free and Open Indo-Pacific. This will serve as the foundation for Taiwan’s vision of its role in the international community and how it will best respond to continued diplomatic, economic, and security challenges in the near term.

⁵ United States of America, “National Defense Authorization Act for Fiscal Year 2018,” U.S. Public Law 115–91, 115th Congress, 131 STAT. 1283, December 12, 2017.

⁶ President Tsai Ing-wen, [President Tsai attends opening of 2018 Asia-Pacific Security Dialogue](#), The Office of the President, Republic of China, July 24, 2018.

THE UNITED KINGDOM AND THE INDO-PACIFIC: RETURN OF GLOBAL BRITAIN?

ANDREA GILLI

The Indo-Pacific is an area of strategic importance for the United Kingdom. Historical ties, economic and financial interests, political and diplomatic relations, and military presence make the country a key actor in the regional security architecture. Overall, the U.K. strategy toward the region is built on three, strongly interconnected, foundational goals. First, the United Kingdom aims to promote its influence in the Indo-Pacific region to defend its economic and commercial interests. Second, it sees the goal of ensuring freedom of navigation in the Pacific Ocean not only as a way to strengthen its geopolitical position—supporting the first pillar of its strategy—but also to enhance ties with its allies and the broader international community. Notwithstanding Brexit and its centrifugal stance toward the European Union, the United Kingdom is still keen on playing a pivotal role in upholding a rules-based international order that preserves stability overseas and enhances economic prosperity at home.¹ While the current U.K. posture has been in the making for almost two decades, geopolitical dynamics and Brexit have accelerated some of its key features, including the recent adoption of the Indo-Pacific concept by the Ministry of Defense, the Treasury and the Foreign Office. The United Kingdom is slowly adjusting its political and diplomatic focus, increasing its military presence in the region and eyeing the commercial opportunities it offers.

During the Cold War, the United Kingdom significantly reduced its presence in the Indo-Pacific (or “East of Suez” in the famous phrase) due

to a mix of domestic, international, and economic pressures. The nationalization of the Suez Canal made the retaining of its military bases in the Middle East and Southeast Asia difficult. Economic challenges made any geopolitical commitment in Asia financially demanding. Last but not least, the strategic confrontation with the Soviet Union over Western Europe required attention being paid to military dynamics closer to home. To a certain extent, this withdrawal continued through the 1990s and reached its apex when Hong Kong was handed over to China in 1997.

In 1998, however, the United Kingdom’s Strategic Defence Review paved the way for some key changes in foreign and defense policy.² In particular, it called for the acquisition of a broad set of capabilities that would enable U.K. military forces to achieve and sustain global reach. With the start of the war in Afghanistan in 2001, the United Kingdom started, somewhat unintentionally, pivoting toward Asia. This de facto rebalancing has been going on slowly over the past two decades and has recently accelerated due, in part, to China’s growing assertiveness and Brexit. In recent years the country has adopted a more comprehensive approach toward the region that includes political and diplomatic relations, military posture, and trade and commercial negotiations. With new realities post-Brexit, the government is eyeing the Indo-Pacific for bilateral free-trade agreements—prospective deals are being discussed with Australia, Japan, and Vietnam—and expressing interest in multilateral ones like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

¹ Erik Brattberg, Philippe Le Corre, and Etienne Soula, “Can France and the UK Pivot to the Pacific?” Carnegie Endowment, July 5, 2018.

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² British Ministry of Defence, “Strategic Defence Review: Modern Forces for the Modern World,” July 1998.

Diplomatic and Political Priorities

The political and diplomatic posture of the United Kingdom toward the Indo-Pacific is the by-product of historical legacies, economic interests, military needs, and political ambitions as well as the result of an innate outward-looking inclination given its insular geography. More recently, for the reasons noted above, the government has accelerated a transition that was in the making since the late 1990s. In documents and speeches in 2018, Prime Minister Theresa May directly—and to the surprise of some—referred to the Indo-Pacific framework as pivotal for re-establishing a global presence for the United Kingdom.³ This language, also used by the last two foreign secretaries, as well as their defense and trade colleagues, has important diplomatic, political, and strategic implications. This clearly signals the country's geopolitical positioning in the region: it is committed to freedom of navigation as well as open commercial borders. But this also risks, at least according to some observers, indicating a containment strategy toward China.

In this respect, three considerations deserve attention. First, the United Kingdom is looking for post-Brexit free-trade agreements around the globe. The Indo-Pacific offers significant opportunities, given the size of the population and the rapid pace of economic growth of the region. Second, the United Kingdom enjoys deep and long-standing relations with many key actors in the region. Australia, Bangladesh, India, Malaysia, New Zealand, Pakistan, Papua New Guinea, and Singapore are fellow members of the Commonwealth. Australia and New Zealand, along with the United States and Canada, are also part of the AUSCANNZUKUS interoperability military organization, of which the Five Eyes intelligence agreement is part. Australia, New Zealand, Malaysia, and Singapore are also part of the Five Powers Defense Agreement (FPDA) with the United Kingdom. Finally, over the past few years, the country has strengthened its partnership with Japan at the political, economic, and military levels.

At this stage, the strategic question for the United Kingdom concerns the most appropriate framework for its regional posture. Given the fact that the

AUSCANNZUKUS and the Five Eyes military and operational arrangements lack a proper political structure, neither seems able to provide a strategic framework for the action of its member states. Moreover, they are unlikely to be considered as appropriate since they exclude other key regional actors, as in the case of the Commonwealth and the FPDA. A grouping such as the Quad could more substantially anchor the United Kingdom in the politics of the region, but with risks. In any case, the fact that Foreign Secretary Jeremy Hunt reaffirmed the concept of a Free and Open Indo-Pacific in his 2018 meeting in Tokyo with his Japanese counterpart suggests that the current government is progressively taking a strong position on the subject.⁴ This deserves attention because the United Kingdom and its regional allies and partners are not necessarily aligned on all strategic questions. For instance, London and Tokyo have different positions toward Russia. Similarly, while the United States sees China as a strategic competitor, for the United Kingdom it remains a trade partner that will only become more important after Brexit.

Security Dimensions

In order to understand the defense strategy of the United Kingdom in the Indo-Pacific, three issues should be emphasized. First, with the 1998 Strategic Defence Review it adopted a posture aimed at increasing and sustaining global reach. This led to several procurement and force-structure choices, including the launch of the two biggest conventional aircraft carriers in the world, the development of advanced shipboard anti-defense capabilities, the acquisition of the stealth F-35 Lightning II/Joint Strike Fighter, the renewal of the agreement with the United States on the Trident nuclear deterrent, and the acquisition of seven nuclear-propelled Astute-class submarines. After 20 years, most of these platforms have entered into service. However, they are not sufficient for achieving global reach.

Second, until recently, the United Kingdom's physical presence in the Indo-Pacific consisted, through the FPDA, of a repairs and logistics support facility in Singapore and of an Integrated Area Defense System Headquarter in Malaysia along with the air and naval bases on the British Indian Ocean Territory of

³ A full collection of the documents setting the British government's view for Global Britain is available at <https://www.gov.uk/government/collections/global-britain-delivering-on-our-international-ambition>

⁴ Yoshida Reiji, "U.K. foreign minister touts 'strategic partnership' with Japan and the promotion of a free and open Indo-Pacific," *The Japan Times*, September 18, 2018.

Diego Garcia (which are leased to the United States but to which U.K. military forces retain access). The Five Eyes intelligence agreement also provided additional support to U.K. operations in the region through collaboration with Australia, New Zealand and the United States. However, significant changes have occurred over the past few years. The United Kingdom opened a support facility in the port of Mina Salman in Bahrain in 2018 and it is building a logistics and training center in Duqm in Oman. Both facilities will be able to accommodate the Queen Elizabeth-class aircraft carriers that recently entered into service, and the latter will also accommodate nuclear-propelled submarines. Thus U.K. military forces will soon benefit from stronger operational support and be able to ensure a more continuous presence.

The third aspect concerns defense and security agreements with key actors in the region. The United Kingdom and Japan maintain a two-plus-two dialogue between their defense and foreign ministers. At a meeting in 2017 they pledged to step up joint military exercises in the region. That same year they also released a Joint Declaration on Security Cooperation, outlining several areas for strengthening how they work together.⁵ Among these, the United Kingdom and Japan want to collaborate further on mine hunting and amphibious capabilities as well in weapons development and procurement, including with regard to jet aircraft.⁶ In 2016, the Royal Air Force and the Japan Air Self-Defense Force held their first-ever joint aerial combat drill, dubbed Guardian North 16, in Japan.

In 2013, Australia and the United Kingdom signed a Defense and Security Cooperation Treaty, which provides the formal overarching framework for their cooperation in these fields.⁷ It deepens their long-dated military ties, which are facilitated by their participation in the Five Eyes agreement and the FPDA. The treaty formalizes their bilateral military cooperation, seeks to enhance their collaboration in weapons procurement, and underlines their mutual interest in interoperability, exchange of

information and consultation on threats.⁸ Military-industrial cooperation between them has a long and important history as well as more recent chapters: in 2018, for example, Australia signed a £20 billion acquisition contract with BAE Systems for nine Type 26 frigates.⁹ This will have significant benefits for their militaries in terms of interoperability. Additionally, Japan and Australia, like the United States and the United Kingdom, operate the F-35 Lightning II/Joint Strike Fighter.

India and the United Kingdom share a commitment to democratic values as well as concerns about some regional challenges, including piracy and terrorism. Defense cooperation between them covers several issues, from strategic dialogue to industrial and research partnership. They have held the biannual Konkan naval exercise since 2004, the Indra Dhanush air force exercise since 2006, and the Shamsheer Bugle army exercise since 2010.

Arms transfers, as the above shows, are an important foreign policy tool for the United Kingdom. It is a leading weapons exporter, and India, Japan,

“ U.K. military forces will soon benefit from stronger operational support and be able to ensure a more continuous presence.”

Australia, and Singapore are some of its main clients. For example, the United Kingdom has recently upgraded its bilateral relations with the latter. In January 2019, their foreign ministers issued a joint statement announcing the launch of a Partnership for the Future.¹⁰ This follows the Defense Cooperation Memorandum of Understanding from the previous year. This encapsulates the existing defense relationship and areas of cooperation between the

5 John Hemmings, “Global Britain in the Indo-Pacific,” The Henry Jackson Society, May 2018.

6 Dave Majumdar, “Exposed: Why Is Britain’s Military Back in the Pacific?,” The National Interest, January 9, 2016.

7 Laura Allison-Reumann, Margherita Matera and Philomena Murray, “Australia’s Options in the Context of Brexit,” Australian Institute of International Affairs, July 11, 2018.

8 The British Foreign and Commonwealth Office, “Treaty between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Australia for Defence and Security Cooperation,” 18 January 2013.

9 John Hemmings and Milia Hau, “AUKMIN 2018: The Future of Global Britain?,” Royal United Services Institute, August 14, 2018.

10 British High Commission Singapore, “Joint statement by UK and Singapore at the launch of Singapore-UK ‘Partnership for the Future’,” January 4, 2019.

two countries, as well as provides a foundation for future joint commitments in more specific areas from cyber and non-conventional warfare, to counter-terrorism and counter-improvised explosive device, to maritime security and disaster relief.¹¹

Economic Dimensions

The Indo-Pacific is a key area for the United Kingdom's economic interests and it is safe to assume that its importance will increase further given Brexit and the growth the region will experience in the years ahead. The U.K. trade and economic strategy toward the Indo-Pacific is defined by the Global Britain strategy and covers three main areas.

First, as stated above, the United Kingdom is one of the major arms exporters in the world and the Indo-Pacific is a rapidly growing market, home to some of its main defense commercial partners. India is the third-largest purchaser of U.K. weapon systems, after Saudi Arabia and the United States.¹² Australia is the United Kingdom's 13th-largest military export market, with \$11.4 billion in goods and services sold in 2015. As noted above, BAE Systems recently won a £20 billion tender to build Australia's new fleet of frigates.¹³ Between 2013 and 2017, the United Kingdom was Japan's second-largest arms provider after the United States and U.K. industry sees further potential in the country.

Second, the United Kingdom has bilateral trade relations with most countries in the region, some of which is aid-funded. Recently, it has held bilateral discussions on trade with Australia, New Zealand, China, Taiwan, Malaysia, and South Korea. The United Kingdom also has regular trade contacts with Asian and Pacific countries through the Commonwealth and the EU. It is negotiating free trade agreements with India, the Association of South East Nations (ASEAN), and South Korea. As noted above, the United Kingdom is eyeing the region for trade opportunities and it is contemplating the benefits of joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

11 Singapore Ministry of Defense, "Singapore and UK Strengthen Long-Standing Defence Ties for Next Bound," June 2, 2018.

12 Noel Dempsey, "UK Defence Industry Exports," U.K. House of Commons Library, May 18, 2018.

13 Erik Brattberg, Philippe Le Corre, and Etienne Soula, Can France and the UK Pivot to the Pacific?

Finally, China is the United Kingdom's third-largest commercial partner after the EU and the United States. In 2016, their bilateral trade in goods and services reached £59.3 billion, up 9.4 percent from 2015.¹⁴ Recent visits have delivered major economic benefits, generating billions of pounds in commercial deals. Through the U.K.-China Infrastructure Alliance, London aims to deepen their infrastructure projects and finance collaboration.¹⁵ U.K. exports to Japan were £14.3 billion in 2017, with services accounting for more than half of this. In 2016, Japan was the United Kingdom's 11th-largest export market, accounting for 2.3 percent of its exports of goods and services.¹⁶ Singapore is one of the United Kingdom's largest trading partners in Asia and one of the few countries with which it has a trade surplus. According to the World Bank, the country accounts for half of U.K. exports to ASEAN, worth £5.6 billion in 2014, although this includes re-exports. The United Kingdom is also the largest EU investor (on par with the Netherlands) into Singapore. It is the fifth-largest total source of foreign direct investment there, worth over £30 billion at the end of 2014.¹⁷

Conclusion

Over 170 years ago, Lord Palmerston noted that England had no permanent allies or enemies, just permanent interests. Recent U.K. foreign policy in the Indo-Pacific adds slightly more complex elements to this picture. What is striking are the deep relations with the countries of the Commonwealth, the special ties to the United States, Australia, and New Zealand, and the long-standing engagement with other local actors like Singapore and Malaysia. However, the United Kingdom also has permanent interests in the region: preserving the free flow of goods, defending countries' sovereignty and freedom, and maintaining international stability. Broadly speaking, these translate into a desire to maintain a region that is open, stable, and safe from security challenges.

14 World Integrated Trade Solutions, "Trade Statistics Database, World Bank Group," accessed March 2019.

15 U.K. House of Commons, Foreign Affairs Committee, "Global Britain," Sixth Report of Session 2017-19.

16 Dominic Webb and Ilze Jozepa, "EU-Japan Economic Partnership Agreement," U.K. House of Commons Library, June 15, 2018.

17 World Integrated Trade Solutions, "Trade Statistics Database, World Bank Group," accessed March 2019.

The United Kingdom started its own pivot to Asia, at least conceptually, in the late 1990s. Somewhat unintentionally, this rebalancing was then driven by the war in Afghanistan. China's assertiveness and Brexit further accelerated this transition. The United Kingdom has always been present in the region politically and diplomatically, even if its military contribution to the regional security architecture was more limited during the Cold War. Due to its procurement choices, force-structure decisions and the opening of support facilities in the Middle

“ The adoption of the Indo-Pacific framework by leading figures in the government signals a clear political and diplomatic repositioning.”

East, it now aims to renew its contribution to regional security with a more continuous and larger military presence. The adoption of the Indo-Pacific framework by leading figures in the government signals a clear political and diplomatic repositioning. While they have the benefit of clarifying the U.K. position, these moves bear some risks. In particular, China is still a strategic partner and important differences exist with some regional allies with respect to global issues (for example, with Japan with regard to Russia). Nonetheless, the United Kingdom wants to capitalize on its military might and its diplomatic power, as well as on Brexit, to become a more important security provider in the region. Trade and aid will complement these efforts but they also are goals in their own right. In particular, the United

Kingdom is trying to strengthen trade relations in the Indo-Pacific with the goal of signing free-trade agreements and, eventually, even of entering the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

China's assertiveness and Brexit, however, do not only represent key aspects of the United Kingdom's renewed interest over the Indo-Pacific region. Both add layers of complexity--if not contradictory facets--to the role that the United Kingdom wants and can effectively play overseas. Even though China is regarded as an economic partner, the United Kingdom cannot hide the fact that it also perceives it as a strategic challenge. Recently, for instance, the secretary of defense announced an increased commitment from the Royal Navy to challenge the Chinese stranglehold on the South China Sea and to ensure, potentially through new military bases in the region, that China does not control this crucial maritime route. As is evident, the United Kingdom plays no less contradictory a role toward China than any of its Western allies, the United States and European Union included. Unlike the latter two, though, the United Kingdom may find its forward-leaning ambitions strangled by reality. With the full impact of Brexit over the economy and with its growing political divisions, the United Kingdom may find itself unable to sustain financially and politically its efforts overseas. Moreover, even though Brexit intrinsically brings the potential for a more global and independent role for the United Kingdom, it may also force the government to increasingly focus on the immediate neighborhood: a strong and potentially unified European Union next door can be perceived, at least theoretically, as a more stringent strategic challenge. And issues such as the management of the border with Ireland as well as post-Brexit domestic divisions may further distract the United Kingdom from Asia.

EMERGING CLARITY, MUDDLED ACTION: THE U.S. VISION FOR A FREE AND OPEN INDO-PACIFIC

CHRISTOPHER BASSLER

The United States increasingly believes the concept of a Free and Open Indo-Pacific (FOIP) will be integral to determining the future security and prosperity of the largest region of the world. Beginning in 2017 with the U.S. National Security Strategy, the United States diagnosed the return to great-power, geopolitical competition, in which a contest between “free and repressive visions of world order is taking place in the Indo-Pacific region... [and] China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor.”¹ This renewed emphasis on great-power competition and an increasing consensus on the recognition of the 21st century as an “Asian Century” has emerged and crystallized in U.S. foreign policy circles. Subsequently, the 2018 National Defense Strategy identified “the central challenge to U.S. prosperity and security is the reemergence of long-term, strategic competition by what the National Security Strategy classifies as revisionist powers. It is increasingly clear that China and Russia want to shape a world consistent with their authoritarian model—gaining veto authority over other nations’ economic, diplomatic, and security decisions.”²

The preservation and enhancement of the liberal, rules-based international order across the Indo-Pacific, through the actions and support of the United States and like-minded countries there, is inextricably linked to the security and prosperity of

the region. However, while the U.S. vision for a FOIP is becoming clearer, there is not yet a widespread consensus in the United States regarding the actions needed to implement the vision.

Although U.S. interests and activities in the Asia Pacific have been continuous since the first days of the republic,³ the FOIP is the most recent evolution of a deepened focus on the region, which has been expanded to more explicitly consider the Indian Ocean as well. The Trump administration was initially criticized for publicizing and emphasizing the FOIP without clarifying the core tenets underpinning the concept. Early in 2018, National Security Adviser H.R. McMaster explained the U.S. vision of FOIP as a focus on freedom of navigation, the rule of law, freedom from coercion, respect for sovereignty, private enterprise and open markets, and the freedom and independence of all nations.⁴ By the end of the year, the administration had further refined its vision and settled on four core elements: a steadfast and enduring commitment to the region, enhancing shared prosperity within it, ensuring a peaceful and secure regional order, and championing good governance and civil society.⁵

The greatest challenge with regard to the FOIP for the United States is the ability of its own foreign policy community to sustain focus on the region. Although the region encompasses more than half of the world, U.S. policymakers and analysts remains frequently more preoccupied with other regions—

1 The White House, “[The National Security Strategy of the United States of America](#),” December 2017.

2 U.S. Department of Defense, “[Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military’s Competitive Edge](#),” January 19, 2018.

The views expressed are those of the author, and do not necessarily reflect the official policy or position of the Department of Defense or the U.S. government.

3 Michael J. Green, *More Than Providence: Grand Strategy and American Power in the Asia Pacific Since 1783*. Columbia University Press, 2017.

4 Mark J. Valencia, “[What Does a ‘Free and Open Indo-Pacific’ Actually Mean?](#),” *The Diplomat*, March 30, 2018.

5 The White House “[President Trump’s Administration is Advancing a Free and Open Indo-Pacific Through Investments and Partnerships in Economics, Security, and Governance](#),” November 18, 2018.

the Middle East and Southwest Asia, despite their reduced strategic importance to the United States; Latin America, where there are growing tensions; and Europe, where continued Russian activities are of concern to the United States and NATO.

Tensions and debates over differing approaches to foreign policy in the Indo-Pacific further exacerbate this problem of focus. At the most fundamental level, the United States is debating engagement and disengagement and its role in the world. Many Americans still view their country as the world's "indispensable nation," but they do not necessarily see the cost of continual and deep engagement and interventions worldwide as worth it. In the last several years, this has been starkly contrasted with growing concern among the U.S. foreign policy and defense communities about the actions and activities of China, not just throughout the Indo-Pacific, but globally. While the United States wants China to prosper, debates continue about whether this will result in cooperation or competition with China, and whether the suitable U.S. response should be acquiescence, coercion, or confrontation.

Although not yet currently debated much in the U.S. foreign policy community, recent economic data also highlight the potential for the United States having to deal with China's stagnation, rather than its rise. But, regardless of China's trajectory, it is critical for the United States U.S. to manage its relationships with all of its regional allies and partners.

While the varying geographical sub-regions of the Indo-Pacific region are clearly interlinked, the implementation of the United States' vision for a FOIP will also have to take into consideration the vast discrepancies between the various sub-regions in demography (population decline vs growth), economics (rapid growth vs slowdown), and security (escalation or proxy conflicts across multiple potential flashpoints).

Rules-Based Order as the Foundation

The preservation of the liberal, rules-based international order across the Indo-Pacific requires the support of the United States and like-minded countries in the region, in order to achieve prosperity through economic growth and security.

In November 2018, Vice President Mike Pence issued a joint statement with Prime Minister Shinzo Abe of Japan. "In all that we do, the United States seeks collaboration, not control. We seek an Indo-Pacific where every nation, from the shores of the Indian Ocean to the West Coast of the Americas, east to west, north to south, are free to follow their own path, pursue their own interests, and where the seas

“ While the United States wants China to prosper, debates continue about whether this will result in cooperation or competition with China, and whether the suitable U.S. response should be acquiescence, coercion, or confrontation.”

and skies are open to all engaged in peaceful activity; where sovereign nations grow stronger together. Authoritarianism and aggression have no place in the Indo-Pacific.”⁶

Diplomatic engagement is critical to the success of the FOIP vision. The United States must consider options to update its alliances with Japan and Australia as the foundational relationships for a FOIP. Taiwan and India are also essential, because of their democratic status, military capability, and location. The United States must also work to strengthen its ties to the nations around the Indian Ocean and in South East Asia. These pivotal regions are often not emphasized as much as either South or East Asia. The United States must cultivate its diplomatic and security relationships in the region. For enabling long-term economic growth, the U.S. must also work to develop alternatives to the Asian Infrastructure Investment Bank and China's Belt and Road Initiative. While not necessarily seeking to actively push democracy, the United States, Japan, Taiwan,

⁶ The White House, Remarks by Vice President Pence and Prime Minister Abe of Japan in Joint Press Statements, November 13, 2018.

and India can nonetheless provide examples to other nations in the Indo-Pacific of the ability to adopt and entrench democratic principles, and methods to transition to political systems that represent the will of the population and gives appropriate channels and opportunity for dissent.

The United States must also be cautious about China's increasing use of "sharp power"⁷ and active measures within the domestic politics and media of Indo-Pacific nations, in an effort to create divisions. China has learned from Russia in this regard and has increased its efforts to influence elections and public opinion through social media tools, businesses ties, and government-to-government financial loans and arrangements. Although its approaches are increasing in sophistication, the United States and its allies should identify and publicize examples of Chinese malicious activities, while also developing ways to counter them.

In order to conduct the diplomatic and political engagement the FOIP vision requires, the structure of the U.S. foreign policy community must be fundamentally revised. Government offices, including at the National Security Council, the Department of State, and the Department of Defense each have different approaches to how

“ There are no clear drivers within the U.S. government to ensure coordination across “seams” in policy implementation for the Indo-Pacific.”

responsibilities for engagement with nations and coordination of policy issues across the Indo-Pacific are divided. For example, in the State Department the broader region is split between the Bureaus of East Asian and Pacific Affairs and of South and Central Asian Affairs, while Russia is under the Bureau of

European and Eurasian Affairs, though it is also a Pacific state. In 2018, the U.S. Pacific Command was renamed INDOPACOM, with Secretary of Defense James Mattis saying: “In recognition of the increasing connectivity between the Indian and Pacific oceans, today we rename the U.S. Pacific Command to U.S. Indo-Pacific Command.”⁸ Although largely symbolic, the change in designation for the largest U.S. Combatant Command is significant, re-enforcing the emphasis on the broader region, and not just the Western Pacific and South East Asia. However, INDOPACOM's responsibility does not cover the full breadth of the Indian Ocean, stopping at the Western coast of India.

There are no clear drivers within the U.S. government to ensure coordination across “seams” in policy implementation for the Indo-Pacific. These underlying organizational issues must be considered as the U.S. continues to develop and implement its vision. This is particularly important as many of the challenges and opportunities for the Indo-Pacific region require “whole of government” coordination and unity of effort, which is typically not regarded as a strength of the U.S. government bureaucracy. The U.S. foreign policy community must also reimagine itself and plan to train future generations of “Indo-Pacific hands” who can still have specialized expertise, but are also conditioned to think about the interactions and interrelationships across the broader region.

Prosperity Through Engagement or Isolation?

Since President Richard Nixon's opening to China in 1972, the U.S. economy has become increasingly coupled to China's economy. The rapid and sustained growth of China over recent decades has been very attractive to U.S. businesses. However, since 2017, the Trump administration has sought to reduce the level of U.S. economic dependency on the country through a series of measures including tariffs and protection of sensitive technology. Recently, massive growth in automation the United States has simultaneously continued a process of in-sourcing manufacturing and production back home, while in

⁷ Christopher Walker and Jessica Ludwig, “The Meaning of Sharp Power: How Authoritarian States Project Influence,” Foreign Affairs, November 16, 2017.

⁸ United States Pacific Command, “U.S. Indo-Pacific Command Holds Change of Command Ceremony,” May 30, 2018.

the region increased costs have shifted labor from China to Southeast Asia and South Asia. The U.S. authorities have also increasingly recognized and pushed back against China's intellectual property theft. Simultaneously, the Committee on Foreign Investment in the United States has strengthened scrutiny of Chinese business investments and acquisitions of U.S. technologies that also have national security implications.

While the Trump administration has rejected the Trans-Pacific Partnership (TTP), it has proposed a series of bilateral trade deals as an alternative. Meanwhile, the other nations in the TTP have purposefully left open the possibility for the United States to possibly join at a future date. At the same time, the administration has touted that the United States' foreign direct investments in the Indo-Pacific region (estimated by the U.S. Government to be around \$1.4 trillion) have been more than all Chinese, Japanese, and South Korean investments combined. The administration has also focused on cooperation in development financing with allies, most critically Japan. It also stresses its achievement of doubling the U.S. government's ability to support private development projects and has offered \$60 billion in development financing and infrastructure projects in the Indo-Pacific.⁹

“ A consensus has formed in the United States around exerting pressure on China through tariffs and concerns over the Belt and Road Initiative.”

A consensus has formed in the United States around exerting pressure on China through tariffs and concerns over the Belt and Road Initiative. In parallel, there is also an unlikely but emerging concern that China's overextension. Coupled with an economic slowdown and domestic structural issues, including a high debt-to-GDP ratio and repressive efforts in its western providences, China's challenges may have

9 The White House, Remarks by Vice President Pence and Prime Minister Abe of Japan in Joint Press Statements.

spillover effects on the economies throughout the Indo-Pacific region, as well as the United States.

Burden Sharing and Sub-Threshold Conflict

The Trump administration's National Security Strategy and National Defense Strategy emphasize the need for the United States to adapt to a new era of great-power competition against China and others, as well as the importance of the Free and Open Indo-Pacific region. Under the National Defense Strategy, the U.S. Department of Defense is considering efforts to change the current “hub and spokes” model and expand Indo-Pacific alliances and partnerships: “We will strengthen our alliances and partnerships in the Indo-Pacific to a networked security architecture capable of deterring aggression, maintaining stability, and ensuring free access to common domains. With key countries in the region, we will bring together bilateral and multilateral security relationships to preserve the free and open international system.”¹⁰

China has been increasing its efforts intimidate nations in the region, such as Japan and Taiwan, by sending military airplanes and naval ships to stage military drills near their airspace and waters. The United States is the key external guarantor of security throughout the Indo-Pacific. It must work with other nations to develop credible anti access/area denial (A2AD) strategies against a regional hegemon like China. The United States' efforts with Japan and Taiwan offer successful examples to other nations in the region. It should also support and facilitate broader participation in multilateral military exercises. The United States and others must develop and maintain military capabilities that can penetrate the First Island Chain as well as provide a means to restrict China's ability to breakout from it in case of potential hostilities. All countries of the region should have sufficient options and suitable capabilities to deter China's aggression.

The United States and its allies and partners must also reconsider the geographical scope of the FOIP vision. The United States has historically considered

10 U.S. Department of Defense, Summary of the 2018 National Defense Strategy of The United States of America.

the First and Second Island chains within the context of East Asia, i.e. as reaching from Japan to the South China Sea and to Papua New Guinea. However, to fully consider the interrelationships across the region, the concept of the First Island Chain must be extended from the South China Sea to Sri Lanka and Pakistan, and that of the Second Island Chain from Papua New Guinea to Diego Garcia and Ethiopia.¹¹ There is also growing recognition, beyond defense circles in the U.S., that Taiwan is the keystone of the First Island Chain and is thus critically important to the United States and the broader Indo-Pacific.

Although unlikely, it remains possible that conflict in the region may escalate to the nuclear threshold. However, the United States must not only consider escalation dynamics, but also confront the new, more likely reality of competition, sub-threshold conflict, and occasional de-escalation into limited proxy conflicts. This will require alternative strategies and approaches from the traditional focus of the U.S. defense and security community.

Conclusion

The United States' vision for a Free and Open Indo-Pacific is built on a network of like-minded nations working to ensure the stability and prosperity of those that are operating within the rules and principles of the region. To ensure this, the U.S. government must move beyond antiquated bureaucratic subdivisions to a more comprehensive foreign policy and security approach to the Indo-Pacific.

The Quad members—the United States, Japan, Australia, and India—along with Taiwan, must work together as the foundational nations of the FOIP vision. Depending on the requirements of the situation, this foundation can then be expanded to include other like-minded nations to address challenges across all policy spheres, even if only on a temporary and ad hoc basis. Ultimately, the Quad concept must evolve into a multilayered network approach across the region—one that is able to consider security, diplomatic, and economic dimensions and activities. However, the consensus

and timeline to achieve this remains uncertain, due to differing views among the Quad nations.

“ The United States’ vision for a Free and Open Indo-Pacific is built on a network of like-minded nations working to ensure the stability and prosperity of those that are operating within the rules and principles of the region.”

An assertive China, which uses force and coercion for its own political and economic gains and seeks to change the status quo in the Indo-Pacific region, remains the paramount concern of the United States. The United States must be able to clearly and continuously show all nations in the region that, despite facing great pressures and obstacles, they can grow and prosper within the rules-based order of the Free and Open Indo-Pacific. Successfully navigating this challenge is critical to maintaining regional stability and peace, and relies on the United States having a clear vision for the FOIP and remaining engaged in the broader Indo-Pacific region. Ultimately, countries in the Indo-Pacific must work together to ensure that future global security will not be determined by solely military or economic power, and will enable all nations to enjoy security and prosperity.

¹¹ Map 'Redefining the First and Second Island Chains,' presented at ADM Scott Swift, "New China Challenge Conference," U.S. Naval Institute, December 6, 2018.

ABOUT THE AUTHORS

Chris Bassler is the chief strategy officer for the F-35 Lightning II Joint Program Office. He previously served in various assignments in the U.S. Department of Defense; as an engineer, scientist, designer, and strategist, including at the Office of the Chief of Naval Operations in the Pentagon, the Office of Naval Research, and a U.S. Navy research lab. He also worked in various capacities to enhance capabilities and interoperability across all missions and warfighting domains, with allies/partners on five different continents, and in NATO. Dr. Bassler has a Ph.D. in Aerospace Engineering, a M.A. in Security Policy Studies.

Aaron Friedberg is professor of politics and international affairs at Princeton University, where he has been a member of the faculty since 1987, and co-director of the Woodrow Wilson School's Center for International Security Studies. He is also a non-resident senior fellow at the German Marshall Fund of the United States and a senior advisor to the National Bureau of Asian Research. He is the author of several books and monographs including *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (2011), *Beyond Air-Sea Battle: The Debate Over U.S. Military Strategy in Asia* (2014) and *The Authoritarian Challenge: China, Russia and the Threat to the Liberal International Order* (2017). He received his A.B., M.A. and Ph.D. degrees from Harvard University.

Andrea Gilli is a post-doctoral fellow at the International Security Program of the Belfer Center for Science and International Affairs of the John F. Kennedy School of Government, Harvard University. He holds a PhD in Social and Political Science from the European University Institute, was awarded the 2015 European Defence Agency and Egmont

Institute's bi-annual prize for the best dissertation and has provided consulting services to private and public organizations, including the EU Military Committee and the U.S. Department of Defense. His research has been published in *International Security*, *Security Studies*, *The RUSI Journal*, and *Washington Post's Monkey Cage*.

Ryosuke Hanada is a research fellow at the Japan Institute of International Affairs, focusing on Japan's foreign policy toward Asia and the broader Indo-Pacific region. He is in charge of the Council of Security Cooperation in the Asia Pacific. He is also a Ph.D. candidate at the Crawford School of Public Policy, Australian National University. He is a recipient of fellowships, including the 4th US- Japan Partnership Program of the Research Institute of Peace and Security, the Young Strategist Forum of the German Marshall Fund, and the CSIS Strategic Japan Program 2019.

Sameer Lalwani is a senior fellow for Asia strategy and director of the South Asia Program at the Stimson Center where he researches nuclear deterrence, interstate competition, crisis behavior, and counter/insurgency. He is also an adjunct at George Washington University, a contributing editor to *War on the Rocks*, and was previously a Stanton nuclear security fellow at the RAND Corporation. He is co-editor of *Investigating Crises: South Asia's Lessons, Evolving Dynamics, and Trajectories* (Washington, DC: Stimson Center, 2018). He completed his Ph.D. from MIT's Department of Political Science, where he was an affiliate of the MIT Security Studies Program.

Wrenn Yennie Lindgren is a research fellow at the Norwegian Institute of International Affairs, an associate fellow at the Swedish Institute of

International Affairs, and a Japan Foundation fellow at Meiji University. She specializes in the politics and foreign policy of Japan, international relations in East Asia, East Asian states' interests in the Arctic, and traditional and non-traditional security issues in the Asia-Pacific region. Her work has been published in *Asian Politics & Policy*, *The Hague Journal of Diplomacy*, *The Journal of Eurasian Studies* and *Asian Perspective*. She also co-edited the volume *China and Nordic Diplomacy* (Routledge, 2018).

Tom McDermott is a military officer and student of strategy. Over an eighteen-year career he has deployed widely in the Middle East, South Asia and the Asia Pacific. He is a fellow of Kings College London and an adjunct lecturer at the University of New South Wales, and writes on strategy, defense policy, leadership and military ethics. He is studying for a Ph.D. at the Australian National University, examining strategic decision-making in the Iraq War.

Sharon Stirling is the deputy director of the Asia program at The German Marshall Fund of the United States. She leads GMF's Japan work, which includes the annual U.S.-Japan-Europe forums: Trilateral Forum Tokyo and Japan Trilateral Forum, the Young

Strategists Forum, and high-level workshops and seminars in Brussels, Berlin, and Washington, D.C. She oversees research on transatlantic cooperation on a rising Asia. Prior to joining GMF, she was a TV news producer for NHK, Japan's public broadcasting organization. Serving at NHK's bureau in Washington, D.C., her assignments included the U.S. State Department, the 2008 presidential election, and the 2008 global financial crisis. She graduated magna cum laude from Georgetown's School of Foreign Service.

Torrey Taussig is a nonresident fellow in the Foreign Policy program's Center on the United States and Europe at the Brookings Institution. In 2018-19, she is based in Berlin, Germany as a Robert Bosch Foundation fellow. She specializes in U.S. foreign policy, European security, great-power politics and democracy studies. Previously, she held pre-doctoral and post-doctoral fellowships at the Brookings Institution. She also held a post-doctoral fellowship at Harvard University's Belfer Center for Science and International Affairs. She has a doctorate from the Fletcher School of Law and Diplomacy at Tufts University. She received a master's from the Fletcher School and a bachelor's degree from Williams College.

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