



## THE NEW ASIA

*Carla Freeman*

*Current global health and economic crises mark another inflection point for a rapidly transforming Asia, which is characterized by the rise of a more geographically expansive, multi-polar, and polycentric regional order. This new Asian order breaks with previous predictions of Sino-centric regional development in important ways. However, it is also an order in which the United States will become a less pivotal, if still potent, player.*

### **Series on Security in Northeast Asia**

*During 2020 ISDP arranged its first virtual annual conference on Northeast Asian Security in the wake of the Covid-19 pandemic. The conference aimed to provide an overview of the security challenges and tensions that have occurred over the last year and to explore various policy paths that could improve the current situation. This paper makes up one of the many talking points that came out of the 2020 conference.*

### **Introduction**

As the new Biden administration in the United States charts its foreign policy for a world still challenged by a global pandemic, it will need to navigate an Asia in rapid transformation. The global health crisis caused by the Covid-19 virus, and its attendant economic fallout, has intensified trends that became visible during the global financial crisis of more than a decade ago.

Across much of Asia, the 2008 financial crisis affirmed the need to find complements, if not alternatives, to American global economic leadership in order to

buttress economic stability. This, in turn, boosted China's role in regional trade, financial markets, and infrastructure investment. It also left the United States scrambling to reassure the region that it remained indispensable to security and economic progress across Asia. By the mid-2010s, multiple regional initiatives were under negotiation to facilitate growing intraregional cooperation. This included a U.S.-led Trans-Pacific Partnership agreement that was part of Barack Obama's "Pivot to Asia" from which Donald Trump withdrew immediately upon taking office as part of a new approach to the region that broke with many longstanding norms of U.S. behavior.

Today's twin global health and economic crises mark another inflection point for Asia, which is characterized by the rise of a more geographically expansive, multi-polar, and polycentric regional order. This does not represent a pure triumph for Beijing—indeed, the new order breaks with previous predictions of Sino-centric regional development in important ways. However, it is also an order in which the United States will become a less pivotal, if still potent, player. Several factors are driving and shaping these trends: China's own economic relations in the region, the policy preferences of regional actors to stay engaged with both China and the United States, and Washington's policies towards the region. Much will also depend on how the United States chooses to interact with the region in the future.

**China's approach to foreign policy in its regional neighborhood has become increasingly tough and assertive.**

### A Sino-Centric Asian Future?

Even before the crisis, China's critical role in the global economy and status as a major power in both traditional and nontraditional security affairs was undeniable. Over the past decade, it has become the leading engine for economic growth in the world, adding to Asia's global economic re-centering.<sup>1</sup> China's massive regional infrastructure investments, including those conducted under the Belt and Road Initiative (BRI), estimated in the hundreds of billions of dollars,<sup>2</sup> are expected to boost trade and growth in per capita income across Asia.<sup>3</sup> The BRI also has transformed many of China's inland and coastal cities into the hubs of transportation spokes extending along rail lines, flight paths, and shipping lanes to cities and ports in adjacent regions. China has initiated new institutions to support, and institutionalize, its growing role in regional investment, including the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund,

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and a developing BRI dispute resolution regime headquartered in China.<sup>4</sup>

Chinese manufacturers are also shifting their manufacturing from China to other parts of the region, especially to Southeast Asia. This is a trend tied to rising Chinese labor costs but also to the U.S.-China trade war, which has led China to offshore manufacturing for international markets.<sup>5</sup> With Southeast Asia emerging as China's largest trading partner, use of China's currency, the renminbi, for cross border settlement is also increasing, a trend that will be accelerated by the Regional Comprehensive Economic Partnership (RCEP), inked in November 2020 by 15 countries (ASEAN-member states and Australia, China, Japan, New Zealand, and South Korea).<sup>6</sup> Chinese leaders and pundits spin visions of a new imagined "Asia community" in which a globally powerful China orders an expansive region, its authority justified not only by its power but also by what China's president and Communist Party leader Xi Jinping has described as "Chinese wisdom."<sup>7</sup> Despite portrayals of this authority by Chinese public intellectuals as "humane," "benign," or following the "kingly way," drawing on ancient Chinese ideals of statecraft,<sup>8</sup> China's approach to foreign policy in its regional neighborhood has become increasingly tough and assertive. It is also evocative of how other great powers have historically ordered their own spheres of influence. As several countries in the Asia-Pacific have discovered, China is willing to punish those seen as harming China's

increasingly broadly defined interests with a range of economic, diplomatic, and political tools.<sup>9</sup>

Many experts around the world and within China continue to see Beijing as on a long march towards an inevitably Sino-centric Asia.<sup>10</sup> However, not all seasoned observers share this view. Among leading American scholars, Brantly Womack has long argued that the future of Asia (and the world) will be “multinodal.”<sup>11</sup> Writing more recently, Parag Khanna has argued that the future of Asia is Asian, not Chinese, arguing that China is “embedded” and “dependent” on an emerging Asian supercontinent.<sup>12</sup> With an eye on economic and political trends in Asia, Evan Feigenbaum has opined that China, like the United States, overestimates its influence; he argues that Asia is being shaped less by Sino-centrism and more by a pan-Asian vision that is still taking form.<sup>13</sup> David Shambaugh underscores the continued importance of U.S. economic relations with Asia, noting that reports of an American retreat from Asian affairs are inaccurate. The United States remains a key military and economic partner of many countries in Asia, with U.S. investments in Southeast Asia alone nearly twice as much as China’s as recently as 2018.<sup>14</sup>

In addition to these arguments against an assumption that Asia’s future will be Sino-centric, China’s own far-reaching international economic ties may attenuate, if not weaken, its central regional role by contributing to two longstanding features of Asian political geography and relations: institutionally-constructed sub-regionalism and economically-driven sub-regionalization. This, along with China’s other domestic and foreign policy priorities across the region, are pushing against the emergence of a Sino-centric Asia.

China’s far-reaching economic as well as transportation and digital networks provide vital links within and between other continental and maritime states from the Western Pacific to the Indian Ocean and West Asia. Cultural identities and historical experiences, moreover, remain primordial sources of division across this vast geography, and although market and production-driven connections will deepen some

intraregional connections, fundamental disputes mean that particular groupings of countries continue to slice the region up around different goals. All this is fraying the trans-regional warp and weft that China’s networks appear to provide.<sup>15</sup>

***The Indo-Pacific vision of Asia is closely associated with efforts by Australia, India, Japan, and the United States to constrain China’s bid for regional hegemony.***

Recent agreements driven by leaders across Asia are now further subdividing their regions around divergent preferences for norms and standards.<sup>16</sup> In 2018, for example, eleven Pacific economies—including Japan, Asia’s second largest economy, but not including either China, the largest, or South Korea, the fourth largest—became members of the Comprehensive Progressive Agreement for Trans-Pacific Trade (CPTPP), which includes provisions on the role of state-owned enterprises (SOEs), limits restrictions on cross-border data transmissions, and establishes elaborate standards on, and protections for, intellectual property and the environment. In contrast, the Regional Comprehensive Economic Partnership (RCEP), which has been an ASEAN vision with strong Chinese support, has 15 Asian members, including South Korea, does not address the role of SOEs, the environment, or barriers to cross-border data flows. To date, the United States and India have both eschewed membership in either bloc, a choice made by their respective nationalist leaders that most experts believe will impose significant economic costs for each as a better integrated Asian economic bloc becomes an even more significant source of global growth.<sup>17</sup>

Adding to Asia’s sub-regional divisions is the extension of its economic and socio-cultural reach to the north and west. The Indo-Pacific vision of

Asia is closely associated with efforts by Australia, India, Japan, and the United States to constrain China's bid for regional hegemony. However, China's deepening ties to the Middle East, including expanding energy relations and new developments through the Central Asia-West Asia Economic Corridor, is expanding East Asia's influence westward across the Indian Ocean to West Asia. What Wang Jisi, former dean of Peking University's School of International Studies, has called China's "march westward," aimed at enhancing political and economic ties with countries across China's western borders, adds additional magnitude to longstanding energy relations among other Asian powers as well as to the socio-cultural ties between South and Southeast Asia and the Middle East. As West Asian countries become players in Asian affairs, they can be expected to complicate the construction of an Asian identity. Many countries in the sub-region are rivals and pursue maximalist objectives, and most are caught up in the competition among external powers. This could exacerbate competition among regional powers, not only between the United States and China but between India and China or Japan and China, for example.<sup>18</sup>

***Some of these fissures, like the overlapping claims in the South China Sea, the Sino-Indian border conflict, or the China-Japan maritime dispute, are potential flashpoints for conflict.***

Finally, Russia remains a strategically important player in regional affairs, as well as a key energy supplier. Russia has its own vision for a united Eurasia, as well as its role therein, and its choices will also be a significant factor in the emergence of new strategic partnerships and rivalries in the region. Whether Russian and Chinese interests converge or diverge over the coming years is thus an important source of uncertainty for the foreign

policies of states throughout the region. In large part, this is because Sino-Russian relations will be influenced by Moscow and Beijing's perceptions of their competitions with other regional powers, like the United States and Japan—competitions that will be themselves be shaped by regional perceptions of Sino-Russian relations, creating a complex and potentially unpredictable regional system.

## **A Greater or Multipolar Asia?**

There is a new restorationist historical consciousness in Asia—that is, Asian political leaders and elites are more frequently reminding the world that Asia's international preeminence is nothing new, and, indeed, a return to historical norms. As the editors of the *Nikkei Asia* reflected in early 2020, it took an industrial revolution for Europe to "usurp" Asia's centrality in the nineteenth century.<sup>19</sup> This sense of pride in an Asian identity has been bolstered by the relatively successful performance of Asian states in containing the spread of Covid-19 and in mounting an economic recovery. Along with the forces that have deepened regional economic integration over the last several years—factors like trade, finance, human flows, infrastructure, including the digital economy,<sup>20</sup> and the emerging institutional blocs described earlier—this historical memory is providing regional scaffolding on which a greater Asian identity might be constructed. Indeed, the Association of Southeast Asian Nations (ASEAN) has made "inclusivity" a key principle on which to present itself as a central hub for a broader regional forum. It is core to the East Asian Summit (EAS), which comprises ASEAN and eight dialogue partners, as well as the 21-member Asia-Pacific Economic Cooperation (APEC) and the 27-dialogue-partner ASEAN Regional Forum. ASEAN also has engaged in institution-building activities with West Asia through the ASEAN-Gulf Cooperation Council ministerial.

A number of alternative conceptualizations of a pan-regional Asian order are emerging. One of the most expansive is that of the "Indo-Pacific" extending beyond the traditional borders of mainland and maritime Asia, which has been promoted by the United States, Japan, India and Australia. However, the concept lacks a clear definition and has been

associated with different objectives, including the idea of a “Free and Open Indo-Pacific” seen by many Asian countries as less of a policy or initiative than an “outlook.”<sup>21</sup> In contrast, the Shanghai Cooperation Organization (SCO), an organization in which both Beijing and Moscow are heavily invested, is more concrete but narrower. It has positioned itself as a possible encompassing structure for Asia by adding India and Pakistan to its original six members, as well as four observer states, including Mongolia and Iran and multiple dialogue partners. The Conference on Interaction and Confidence Building Measures in Asia (CICA) stands out as the grouping that includes the broadest regional membership and observer states in Asia. At the 2014 CICA summit, Xi Jinping called for strengthening the capacity of CICA to build an “Asian security mansion,” a call many analysts have characterized as a call for an “Asia for Asians” concept.<sup>22</sup> Notably, CICA has extensive membership among countries in West Asia.<sup>23</sup>

These various fora for policy consultation and coordination are overlaid atop significant fissures throughout Asia’s subregions, including hardening territorial disputes and rising regional populism and nationalism amid sustained political and cultural diversity. Some of these fissures, like the overlapping claims in the South China Sea, the Sino-Indian border conflict, or the China-Japan maritime dispute, are potential flashpoints for conflict; together, they make building a unified vision and attendant institutional architecture for Asia an uphill and sometimes seemingly Sisyphean, struggle.

### Prospects for a U.S. “Pivot to Asia 2.0”

There is a strong preference throughout Asia for an international system characterized by more, rather than less, multi-polarity. Smaller states, particularly those in regions along China’s periphery, have made clear that they do not want to see China’s economic power translated into hegemonic leadership. Memories of imperialism make Asian states wary of the domination of any single power and eager to embed multiple regional powers into a system that prevents their competition from becoming destabilizing. They have no wish to become the

objects of a new Asian great game or a revived Cold War rivalry between the United States and China. The formation of a multiplex of institutions and groupings based on the principle of inclusivity across Asia reflects the desire by states across its subregions for multi-polarity. For most countries in the region, the development of an Asian identity is therefore an instrumental means, rather than an ultimate political end.

**“As the world’s economic center of gravity continues to move to the East, Asian states are set to continue to develop regional concepts and an evolving regional identity.”**

Despite sustained U.S. security ties and commercial interactions with Asia, four years of the Trump administration’s unilateralist and unpredictable interactions with even its closest allies have raised doubts about the long-term commitment of the United States to regional allies and partners. Although some countries have welcomed Washington’s willingness to confront Beijing, and others, like Vietnam, have benefited economically from the U.S.-China trade conflict, few if any are persuaded that the benefits of the Trump approach outweighed its economic and security costs. They were also alarmed by the disruptive breaks with longstanding U.S. policy norms and the potential implications of sustained Cold War-style tensions between the United States and China for their region. Although the United States under Donald Trump advanced a vision of funding for economic initiatives focused on the Indo-Pacific’s digital economy, energy, and infrastructure, and declared a commitment to broadening “fair and reciprocal” trade partnerships with various Asian partners, American rhetoric was slow to translate into action. Moreover, U.S. trade policies toward China were executed with little apparent concern

about their negative effects on some regional states.<sup>24</sup>

Under President Joe Biden, the United States will continue to push against China's accumulating regional power, but it will recommit to regional alliances and partnerships, as well as to regional institutions. The Biden administration's veteran foreign policy team acknowledges that American unilateralism comes at the expense of support for the United States, including from America's most committed regional allies. Certainly, many states across Asia will welcome a more active American diplomacy as an essential element in regional multipolarity. However, a U.S. "Pivot to Asia 2.0" is likely to be seen as a Cold War-style move on the chess board of Sino-American strategic competition and receive a correspondingly cool reception. It is also likely that Australia, India, Japan, and South Korea will continue to sustain their independent regional initiatives, some that may exclude the United States and China or both, regardless of the perceived credibility of the United States' recommitment to regional affairs.<sup>25</sup>

Asia's dynamic regions will play a vital role in driving the global economic recovery in the years ahead. But compared to their role in the 2008 global financial crisis, they now have a much greater sense of Asia's global importance. As the world's economic center of gravity continues to move to the East, Asian states are set to continue to develop regional concepts and an evolving regional identity, much like Europe from the eighteenth to twentieth century. Nonetheless, Asia, like Europe of the last three centuries, is a geography in which socioeconomic diversity and geopolitical fault lines generate the risk of conflicts. Given this endemic instability, Asia's smaller and middle powers will likely continue to prefer an approach to regional security that obviates the need for a potentially capricious regional paymaster,<sup>26</sup> whether it be the United States or China, and will seek to expand their opportunities to take independent initiatives. However, the compatibility of such an approach with U.S. and Chinese visions of regional order, remains to be seen, and may prove to be contingent on the evolution of Sino-American strategic rivalry. ■

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