

ISSN 0219-3213

2018 no. 13

Trends in Southeast Asia

THE "FREE AND OPEN INDO-PACIFIC"
AND IMPLICATIONS FOR ASEAN

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Trends in Southeast Asia



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Published by: ISEAS Publishing
30 Heng Mui Keng Terrace
Singapore 119614
publish@iseas.edu.sg <http://bookshop.iseas.edu.sg>

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ISEAS Library Cataloguing-in-Publication Data

Lee, John.

The “Free and Open Indo-Pacific” and Implications for ASEAN.
(Trends in Southeast Asia Series, 0219-3213 ; TRS13/18)

1. Indo-Pacific Region—Politics and government.
2. Indo-Pacific Region—Foreign relations—Southeast Asia.
3. Southeast Asia—Foreign relations—Indo-Pacific Region.
4. Indo-Pacific Region—Strategic aspects.

I. Title.

II. Series: Trends in Southeast Asia ; TRS13/18.

DS501 I59T no. 13(2018)

June 2018

ISBN 978-981-4818-63-6 (soft cover)

ISBN 978-981-4818-64-3 (ebook, PDF)

Typeset by Superskill Graphics Pte Ltd

Printed in Singapore by Mainland Press Pte Ltd

FOREWORD

The economic, political, strategic and cultural dynamism in Southeast Asia has gained added relevance in recent years with the spectacular rise of giant economies in East and South Asia. This has drawn greater attention to the region and to the enhanced role it now plays in international relations and global economics.

The sustained effort made by Southeast Asian nations since 1967 towards a peaceful and gradual integration of their economies has had indubitable success, and perhaps as a consequence of this, most of these countries are undergoing deep political and social changes domestically and are constructing innovative solutions to meet new international challenges. Big Power tensions continue to be played out in the neighbourhood despite the tradition of neutrality exercised by the Association of Southeast Asian Nations (ASEAN).

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The “Free and Open Indo-Pacific” and Implications for ASEAN

By John Lee

EXECUTIVE SUMMARY

- In recent times, the United States, Japan and Australia have all promoted extremely similar visions of a Free and Open Indo-Pacific as the central organizing concept to guide their efforts in the region. The concept is essentially a reaffirmation of the security and economic rules-based order which was cobbled together after the Second World War — especially as it relates to freedom of the regional and global commons such as sea, air and cyberspace, and the way nations conduct economic relations.
- Be that as it may, the Free and Open Indo-Pacific is an updated vision of collective action to defend, strengthen and advance that order. It signals a greater acceptance by the two regional allies of the U.S. of their security burden and takes into account the realities of China’s rise and the relative decline in dominance of the U.S.
- There are a number of noteworthy “updates” which include:
 - A deliberate move from “Asia-Pacific” to “Indo-Pacific” as the primary geo-strategic and geo-economic area of interest and responsibility for the three countries;
 - An increased emphasis on creating and sustaining a “balance of power” in favour of the rules-based order; and
 - A greater emphasis on the liberal aspects of a preferred order including the importance of rule-of-law and limitations on how governments wield their power, and greater separation of political and strategic objectives on one hand with commercial activities on the other.
- While operationalization of the Free and Open Indo-Pacific concept is at an early stage, trilateral strategic cooperation between the U.S.,

Japan and Australia is significant and quickly deepening. On the other hand, and with respect to misalignment and inconsistency, the economic policies of the Trump administration are causing considerable frustration.

- The three countries have also been strong supporters for the revival of the Quadrilateral grouping which also includes India. However, and notwithstanding some apprehension in Southeast Asia, about where the “Quad” is heading, the latter grouping is only still a fledgling one and its shape and development will depend on the extent to which the four countries become concerned about China’s activities in both Oceans.
- Finally, the Association of Southeast Asian Nations (ASEAN) and its member states continue to delay any definitive response to the Free and Open Indo-Pacific concept. Although its principles are attractive to many ASEAN member states, long-held conceptions of ASEAN centrality and its meaning gives the organization apparent reason for hesitation. The reasons include fears of diminished centrality and relevance, and reluctance to endorse a more confrontational mindset being adopted by the U.S. and its allies — including the revival of the Quadrilateral grouping with India — with respect to China.
- The reality is that while ASEAN and major member states are focused primarily on the risks of action, there are considerable risks of inaction and hesitation. The current era will either enhance or lessen the relevance of ASEAN in the eyes of these three countries in the years ahead depending on how the organisation and its key member states respond.
- Indeed, the paper argues that ASEAN is more likely to be left behind by strategic events and developments if it remains passive, and that the ball is in ASEAN’s court in terms of the future of its regional “centrality”.

The “Free and Open Indo-Pacific” and Implications for ASEAN

By John Lee¹

INTRODUCTION

On 2 September 1945, General Douglas MacArthur made the following remarks during a broadcast to the American people after conclusion of the Japanese Surrender Ceremony:

We have known the bitterness of defeat and the exultation of triumph, and from both we have learned there can be no turning back. We must go forward to preserve in peace what we won in war ...

Various methods through the ages have attempted to devise an international process to prevent or settle disputes between nations ... If we do not now devise some greater and more equitable system, Armageddon will be at our door ...

To the Pacific basin has come the vista of a new emancipated world. Today, freedom is on the offensive, democracy on the march. Today in Asia as well as in Europe, unshackled peoples are tasting the full sweetness of liberty ...

MacArthur’s remarks were to prove relevant and prescient for the next half century.

¹ Dr John Lee is a senior fellow at the Hudson Institute in Washington, D.C. and United States Studies Centre at the University of Sydney. He was senior national security adviser to the Australian Foreign Minister from 2016 to 2018 and was her principal adviser for Asia and on the 2017 Foreign Policy White Paper.

The post-war period was marked by dramatic transformation in East Asia. The United States established a series of bilateral alliances with Japan, South Korea, Australia, Thailand and the Philippines, which survive to the present day. Security arrangements were gradually cobbled together with many of the major maritime states including Singapore and Malaysia in addition to a de facto military partnership with Taiwan.

A messy but integrated political and economic system developed around this hub-and-spokes security architecture. America offered capital, know-how and access to its immense consumer market to help East Asian economies back on their feet, or in some cases, to embark on the pathway to modernisation for the first time in their history. East Asian states enjoyed protection, stability and economic access to the U.S. economy in return for supporting the U.S.'s geo-strategic presence in the region.

G. John Ikenberry observes, "East Asian countries export goods to America and America exports security to the region."² As these states became successful economies, they were expected to gradually democratise, open their own domestic markets, and contribute further to the maintenance of stability and security in the region.

The rules-based order which emerged was essentially a liberal hegemonic rules-based order: a system of rules, laws, institutions and treaties underpinned by a liberal superpower offering protection and public goods for all nations agreeing to play by its (the superpower's) rules. This order has proved remarkably enduring and is credited with supporting the "Long Peace" in Asia. As Prime Minister Lee Hsien Loong remarked at a private memorial service for his father, Lee Kuan Yew, Singapore's founding father "understood the vital role of American leadership. He knew that without the U.S presence, there could be no stability or prosperity in Asia. It was a view he steadfastly held for the rest of his life."³

² G. John Ikenberry, "American hegemony and East Asian order", *Australian Journal of International Affairs* 58, no. 3 (2004): 353–67 at p. 353.

³ Cited in Rachel Chang, "Mr Lee Kuan Yew 'an admirer of US, but not afraid to criticise it'", *Straits Times*, 25 September 2015 <<https://www.straitstimes.com/singapore/mr-lee-kuan-yew-an-admirer-of-us-but-not-afraid-to-criticise-it>>.

The brief history of the cobbling together of the liberal rules-based order from 1945 onward is mentioned because the contemporary concept of the “Free and Open Indo-Pacific” is essentially a reiteration of the liberal hegemonic rules-based order but revised and adapted to the realities of the post-Cold War era in the region. Chief amongst these realities is the emergence of China as both economic partner and competitor, and strategic and political competitor and rival to the U.S. — with that rivalry deepening as China becomes larger and more powerful.

While the concepts underpinning that of a Free and Open Indo-Pacific are not new ideas there are differences and adaptations in the contemporary setting with respect to roles played by the U.S. and its two most proactive allies, Japan and Australia, in particular.

The Association of Southeast Asian Nations (ASEAN) and its member states have not yet decided on a definitive response to the Free and Open Indo-Pacific concept. Although the principles are attractive to many ASEAN member states, long-held conceptions of ASEAN centrality and its meaning gives the organisation apparent reason for hesitation. The reasons include fears of diminished centrality and relevance, and reluctance to endorse a more confrontational mindset being adopted by the U.S. and its allies — including the revival of the Quadrilateral grouping with India — with respect to China.

The reality is that while ASEAN and major member states are focused primarily on the risks of action, there are considerable risks of inaction and hesitation. The current era will either enhance or lessen the relevance of ASEAN in the eyes of these three countries in the years ahead depending on how the organisation and its key member states respond. Indeed, the paper argues that ASEAN is more likely to be left behind by strategic events and developments if it remains passive, and that the ball is in ASEAN’s court in terms of the future of its regional “centrality”.

A FREE AND OPEN INDO-PACIFIC: BACK TO THE FUTURE BUT THIS TIME IT’S DIFFERENT

In April 2017, Japan’s Ministry of Foreign Affairs released its “Free and

Open Indo-Pacific Strategy”⁴ (MoFA Strategy) which describes how Tokyo will broaden its worldview and strategic role under the Shinzo Abe era defined by the desire to make a “proactive contribution to peace” — on the back of the reinterpretation of the Japanese constitution to allow the use of its Self Defence Forces for “collective security” actions.⁵

Some seven months later in November 2017, Australia released its *2017 Foreign Policy White Paper*,⁶ (FPWP) the first comprehensive blueprint to guide Australia’s foreign engagement since 2003. In it, the promotion, strengthening and defence of “an open, inclusive and prosperous Indo-Pacific region” was identified as the highest priority for the country’s foreign policy in the decade ahead.

In December 2017, the White House released the *National Security Strategy of the United States of America (NSS)*.⁷ In a document which represented the first comprehensive articulation of foreign policy objectives to be pursued by the Donald Trump administration, the NSS promised that the U.S. would “respond to the growing political, economic, and military competitions we face around the world”.⁸ This included “preserving peace through strength” and “advancing American influence” to promote “a world which supports American interests and reflect [America’s] values”.⁹ The NSS identified China and Russia as seeking to “challenge American power, influence, and interests” whilst attempting to “erode American security and prosperity”.¹⁰

⁴ <<http://www.mofa.go.jp/files/000259285.pdf>>.

⁵ See John Lee, “In Defence of the East Asian Regional Order: Explaining Japan’s Newfound Interest in Southeast Asia”, *Geopolitics, History and International Relations* 8, no. 1 (2016): 30–53 <https://www.hudson.org/content/researchattachments/attachment/1483/2015_09_07_lee_in_defenseofthe_east_asian_regional_order_explaining_japans_newfound_interestin_southeast_asia.pdf>.

⁶ <<https://www.fpwhitepaper.gov.au/>>.

⁷ <<https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>>.

⁸ *Ibid.*, p. 2.

⁹ *Ibid.*, p. 4.

¹⁰ *Ibid.*, p. 2.

In placing the NSS in a regional context, the document argues that “A geopolitical competition between free and repressive visions of world order is taking place in the Indo-Pacific region.”¹¹ The strategic response is to “redouble our commitment to established alliances and partnerships, while expanding and deepening relationships with new partners that share respect for sovereignty, fair and reciprocal trade, and the rule of law”.¹²

The three pivotal documents are different in style and emphasis with the MoFA Strategy being the least forward-leaning and the NSS the most. Even so, all three documents are remarkably well aligned in terminology, principles, objectives and means even though the Japanese approach is not as explicit.

At its heart, the Free and Open Indo-Pacific is a reaffirmation of the security and economic rules-based order which has existed since after the Second World War — especially as it relates to freedom of the regional and global commons such as sea, air and cyberspace, and of the way nations conduct their economic affairs.

In a series of speeches from March 2017 onward which lead up to the release of the FPWP in November 2017, Australian Foreign Minister Julie Bishop articulated key aspects of the Free and Open Indo-Pacific which were subsequently endorsed by Prime Minister Malcolm Turnbull in his 2017 Shangri La Dialogue¹³ address three months later, and by counterparts in the U.S. and Japan.

Bishop stated in her March 2017 Fullerton Lecture in Singapore:¹⁴

It is a fact of life that we compete or we fall behind. It is how nations choose to compete that really matters ... There has been a concerted international effort to ensure that more powerful nations do not bully their neighbours. History tells us then when

¹¹ Ibid., p. 46.

¹² Ibid., p. 47.

¹³ <<https://www.pm.gov.au/media/keynote-address-16th-iiss-asia-security-summit-shangri-la-dialogue>>.

¹⁴ <https://foreignminister.gov.au/speeches/Pages/2017/jb_sp_170313a.aspx>.

‘Might Makes Right’ prevails, it sets humanity on a dark path towards conflict in our international relations.

When the strong impose their will on the weaker state, it invariably leads to the latter’s resentment of unfair agreements imposed on them. The better alternative is the existing rules-based order which has served the region remarkably well ... The evidence is overwhelming that countries buying into the system of rules have fared much better than those which have not.

Nevertheless, the regional order is under strain as nations occasionally use their military or economic weight to push the envelop while accusing the rules-based order of being a relic from a different era.

In making the case for a Free and Open Indo-Pacific, Bishop further argues:¹⁵

One reason why the rules-based order underwrites stability in power and wealth is that such an order does not privilege previous winners nor constrain opportunity for newcomers. Its basic principle is the rule of law where governments, firms and individuals enjoy rights and fulfil obligations regardless of wealth or power. In a world of [increasing competition], it becomes more important that countries abide by the rules rather than break them.

The classic reiteration of the liberal international worldview by the U.S., Japan and Australia is not new ground for the Obama/Trump, Abe and Abbott/Turnbull governments. Its roots go back to MacArthur’s calls in 1945 to win and preserve in peacetime what was fought for in war and subsequent U.S. policy in the region.

Even so, there are several noteworthy and/or novel aspects to the contemporary Free and Open Indo-Pacific being championed and pursued under the Trump/Abe/Turnbull governments.

¹⁵ Ibid.

(a) From “Asia-Pacific” to “Indo-Pacific”

Japan had transitioned from the Asia-Pacific to the Indo-Pacific terminology since the early years of Abe’s second term in office from 2012 onward. In Australia’s 2016 *Defence White Paper*, the Indo-Pacific terminology was used to describe the country’s primary areas of responsibility and interest from a defence acquisition, planning and force posture point of view¹⁶ — a terminology reaffirmed in the FPWP.

With respect to the U.S., the U.S. Pacific Command (PACOM) has long used the term Indo-Pacific to accurately characterize its areas of operation and responsibility. However, it was not a term favoured by the Barack Obama administration and it was not until “Indo-Pacific” made its way into the NSS that it became obvious the U.S., Japan and Australia were in clear geo-strategic alignment. Indeed, use of “Indo-Pacific” was a decision that all three countries had agreed upon independently but with an eye on each other’s position.

The changed focus from the Asia-Pacific to the Indo-Pacific was immediately noticed and generated considerable interest amongst commentators¹⁷ and in private conversations between governmental officials from the region. As evidence that the Indo-Pacific focus attracted Beijing’s attention, Chinese Foreign Minister Wang Yi mocked the common use of the term by the U.S., Japan and Australia saying the change was an “attention grabbing idea” that will “dissipate like ocean foam”.¹⁸

¹⁶ 2016 *Defence White Paper* (Canberra: Department of Defence, 2016) <<http://www.defence.gov.au/WhitePaper/Docs/2016-Defence-White-Paper.pdf>>.

¹⁷ For example, see Rory Medcalfe, “Goodbye Asia-Pacific. But why the sudden buzz over Indo-Pacific?”, *South China Morning Post*, 31 December 2017 <<http://www.scmp.com/week-asia/geopolitics/article/2126210/goodbye-asia-pacific-why-sudden-buzz-over-indo-pacific>>; Nirmal Ghosh, “Asia-Pacific? Think Indo-Pacific, says the US, as it pursues a wider Asian strategy”, *Straits Times*, 7 November 2017 <<https://www.straitstimes.com/world/united-states/asia-pacific-think-indo-pacific-says-the-us-as-it-pursues-a-wider-asian-strategy>>.

¹⁸ See “China mocks Australia over ‘Indo-Pacific’ concept and says it will ‘dissipate’”, *ABC*, 8 March 2018 <<http://www.abc.net.au/news/2018-03-08/china-mocks-australia-over-indo-pacific-concept/9529548>>.

Notwithstanding Wang Yi's comments, the Indo-Pacific focus and terminology is likely to persist and increasingly frame the policies and actions of the three countries into the foreseeable future.

It makes eminent strategic and diplomatic sense to bring India further into the framework,¹⁹ which would be difficult if the Asia-Pacific terminology persisted. In many respects, the value and worth of India is both over- and under-played in different respects when it comes to the region.

The India factor is overplayed because New Delhi is not yet an effective and skilled diplomatic actor in the Asia-Pacific that is still by far the more important economic and military subregion compared to the Indian Ocean subregion. For example, India has not been a proactive member of the East Asia Summit, viewed as the pre-eminent and preferred diplomatic grouping by the U.S., Japan and Australia.

Unlike other large or proactive regional powers, Indian foreign policy suffers from chronic inconsistency, bouts of overly inward-focus, and a small and often overwhelmed external affairs bureaucracy that makes effective policy implementation difficult.²⁰ A recent example is the sudden and unexpected decision to exclude Australia from the 2018 Malabar Exercises when indications in the lead up to New Delhi's decision was that Australia would take part in those exercises for the first time since 2007.²¹ Narendra Modi's decision came less than six months after India unexpectedly agreed to reconvene an official's level meeting

¹⁹ See "'Indo-Pacific' over 'Asia-Pacific' reflects India's rise: US official", *Financial Times*, 5 November 2017 <<https://economictimes.indiatimes.com/news/defence/indo-pacific-over-asia-pacific-reflects-indias-rise-us-official/articleshow/61519684.cms>>.

²⁰ See Sumit Ganguly and Manjeet S. Pardesi, "Explaining Sixty Years of Indian Foreign Policy", *India Review* 8, no. 1 (2009): 4–19 <<https://www.tandfonline.com/doi/pdf/10.1080/14736480802665162>>; Mohamed Zeeshan, "India must reform its foreign policy establishment", *The Diplomat*, 26 May 2016 <<https://thediplomat.com/2016/05/india-must-reform-its-foreign-policy-establishment/>>.

²¹ See Asha Sundaramurthy, "India Keeps Australia out of the Malabar Exercises – Again" *The Diplomat*, 8 May 2018 <<https://thediplomat.com/2018/05/india-keeps-australia-out-of-the-malabar-exercise-again/>>.

of the “Quadrilateral” countries — India, the U.S., Japan and Australia — in November 2017. (More will be said about the “Quad” shortly.) The suspicion that the decision was made to ensure a successful meeting between Modi and Chinese President Xi Jinping²² the following day only adds to the frustration partners frequently feel when it comes to the capacity for predictable strategic decision-making by New Delhi.

Moreover, and despite the frequent naval exercises taking place between India, the U.S. and Japan in addition to Modi’s more forward-leaning rhetoric in emphasizing the importance of rules and international law in the South China Sea,²³ New Delhi’s “Act East” approach remains tentative when it comes to the deployment of its navy in disputed areas such as the South China Sea.

India has tended to engage in joint exercises with smaller Southeast Asian navies in South China Sea such as Singapore, Indonesia, Malaysia, Vietnam and the Philippines to prevent overt provocation of China, rather than with American or Japanese fleets.²⁴ Rather than seeing itself as a rules-based “enforcer” in East Asia, India has emerged as a reliable “advocate” of the rules-based order and international law.

Indeed, when it comes to East Asia, India seeks to be a “security maximizer” content to bandwagon with other states in non-provocative ways rather than be a “power maximizer”²⁵ seeking to use its weight and

²² See Primrose Riordan, “Australia snubbed by India over naval exercises,” *The Australian*, 30 April 2018 <<https://www.theaustralian.com.au/national-affairs/defence/australia-fails-to-rejoin-indias-malabar-naval-drill/news-story/d6071a15ef39c3ca93e1d917cdf667ee>>.

²³ See “South China Sea dispute: India supports rules-based security architecture, says PM Modi”, *Times of India*, 14 November 2017 <<https://timesofindia.indiatimes.com/india/south-china-sea-dispute-india-supports-rules-based-security-architecture-says-pm-modi/articleshow/61644829.cms>>.

²⁴ See Ulises Granados, “India’s Approaches to the South China Sea: Priorities and Balances”, *Asian and Pacific Policy Studies* 5, no. 1 (2018): 122–37 <https://onlinelibrary.wiley.com/doi/epdf/10.1002/app5.223>>.

²⁵ See Randall L. Schweller, “A Tale of Two Realisms: Expanding the Institutions Debate”, *Mershon International Studies Review* 41, no. 1 (1997): 1–32 <<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.466.6087&rep=rep1&type=pdf>>.

capabilities to shape affairs to its advantage. For “status quo” nations such as the U.S. or Japan, India is an innocuous current or future great power, but for “revisionist” powers such as China, India does not yet present a serious obstacle or complication.

Despite these factors, the U.S., Japan and Australia have nevertheless made the deliberate decision to expand the geo-strategic space such that India is brought into the equation, and with good reason.

China has moved towards a “Two Ocean” strategy consisting of the Pacific and Indian Oceans.²⁶ This is its self-titled “far-seas operations” which has been in place since the middle of the previous decade and arose out of its desire to guarantee the security of energy and other imports into the mainland.²⁷ Its 2015 Defense White Paper states that the “traditional mentality that land outweighs sea must be abandoned ... great importance has to be attached to managing the seas and oceans and protecting maritime rights and interests.”²⁸ As an authoritative 2013 PLA document explains, the PLA Navy’s area of interest is an “arc-shaped strategic zone that covers the Western Pacific Ocean and Northern Indian Ocean” and includes the littoral regions of Asia, Africa and Oceania.²⁹ In more recent times, the “Twenty-first Century Maritime Silk Road” component of Xi’s Belt and Road Initiative (BRI) has ensured additional economic and strategic importance placed on the Indian Ocean.³⁰

²⁶ See You Ji, “China’s Emerging Indo-Pacific Naval Strategy”, *Asia Policy* 22, July 2016, pp. 11–19.

²⁷ See John Lee, “China’s Geostrategic Search for Oil”, *Washington Quarterly* 35, no. 3 (2012): 75–92.

²⁸ *China’s Military Strategy (2015)* (Beijing: The State Council Information Office of the People’s Republic of China, May 2015) <http://www.chinadaily.com.cn/china/2015-05/26/content_20820628.htm>.

²⁹ Academy of Military Science, *The Science of Military Strategy* (Beijing: State Council Information Office 2013) <http://www.81.cn/dblj/2015-05/26/content_6507373.htm>.

³⁰ See Nicholas Szechenyi, ed., *China’s Maritime Silk Road: Strategic and Economic Implications for the Indo-Pacific Region* (Washington, D.C.: Center for Strategic and International Studies, March 2018) <https://csis-prod.s3.amazonaws.com/s3fs-public/publication/180404_Szechenyi_ChinaMaritimeSilkRoad.pdf?yZSpudmFyARwcHuJnNx3metxXnEksVX3>.

Given China's growing interest and presence in the Indian Ocean it makes sense to compete in the same space rather than vacate that space. India is not a major strategic player in East Asia but does view the Indian Ocean as its primary area of interest and responsibilities and sees itself as a "power maximizer" in that ocean.

Although any joint military action with the U.S., Japan and/or Australia against a common naval competitor (i.e., China) would require an immense shift in strategic thinking and culture, it is a low-cost decision for these three countries to build the foundations for enhanced maritime cooperation with India. At the least, courting India lowers the chance that an isolated New Delhi will seek to bandwagon with Beijing.

As the strategic rivalry between New Delhi and Beijing will only increase over time, the permanent and increasing weight and role of New Delhi in the Indian Ocean will complicate matters for Beijing. Even if strategic and maritime coordination, let alone cooperation, with New Delhi is ad hoc and inconsistent, expanding possibilities for any greater role by India will serve American, Japanese and Australian interest in structural terms.

(b) Balance of Power and the "Free and Open Indo-Pacific"

The U.S.-centric hub-and-spokes system, which had its roots in the earlier days of the Cold War, remains the backbone of security architecture in the region. In the absence of a North Atlantic Treaty Organisation-style collective security architecture, the U.S. was far more successful in forging robust alliances with Northeast Asian powers (Japan and South Korea) than with Southeast Asian states which remain significantly smaller military players than Japan or South Korea.

While U.S. alliance commitments to, and strategic planning and military interaction with Japan and South Korea are extensive, formalized and entrenched, its strategic and military interactions with Southeast Asian allies (the Philippines and Thailand) and security partners (Singapore and Malaysia) are less formalized and extensive.

From the American point of view, it is also significant that the political evolution of Northeast Asian allies Japan and South Korea (and de facto ally Taiwan) is far more aligned with Washington's vision of what the

post-war world was supposed to look like: the emergence of a liberal-democratic community of advanced and relatively open economies committed to the liberal strategic and political order and in staunch opposition to authoritarian political models and values.

In recent times, U.S. alliances with Japan and Australia have become more important from the point of view of regional stability in the period since the end of the Cold War and in the contemporary era of China's rise (with the U.S.–South Korea alliance having major relevance for affairs in the Korean Peninsula rather than the broader region.) This stems from the fact that the Japanese and Australian militaries (especially their navies) are amongst the most formidable in the region, have a high degree of interoperability with the American Seventh Fleet (with the interoperability of the Japanese and Australian fleets improving rapidly), and from the high degree of trust the Americans place in the Japanese and Australians when it comes to sharing strategic intelligence and information.

Although the more proactive strategic posture of the Shinzo Abe era was not necessarily foreseen by Washington, a greater strategic role for Japan is welcomed and greatly encouraged. While there is constant public debate within Australia with respect to whether it should adopt a more “independent’ foreign policy, governments of both Coalition and Labor Parties continue to view the alliance with the U.S. as the “bedrock” of Australian and regional security and stability — a policy position clearly articulated in the 2000,³¹ 2009,³² 2013³³ and 2016³⁴ *Defence White Papers*.

Over the past decade, the U.S. has urged and welcomed closer strategic, defence and intelligence cooperation developing between Japan and Australia. It is now commonplace for Australia to characterize

³¹ <<http://www.defence.gov.au/publications/wpaper2000.pdf>>.

³² <http://www.defence.gov.au/whitepaper/2009/docs/defence_white_paper_2009.pdf>.

³³ <http://www.defence.gov.au/whitepaper/2013/docs/WP_2013_web.pdf>.

³⁴ <<http://www.defence.gov.au/WhitePaper/Docs/2016-Defence-White-Paper.pdf>>.

Japan as its closest and most mature partner from the region.³⁵ In terms of formal agreements, key agreements include the *2007 Joint Declaration on Security Cooperation* which provides for cooperation on issues such as maritime and aviation security and non-proliferation of weapons of mass destruction, the *Acquisition and Cross Services Agreement* on defence logistics cooperation which entered into force in 2013, and an *Information Security Agreement* on sharing intelligence and other classified information which entered into force in 2017.

Both countries are working to conclude a “Reciprocal Access Agreement” which would specify terms for allowing the military forces of these countries to conduct joint operations and exercises.³⁶ The agreement is expected to be completed over the next year or so and Australia would join the U.S. in what is only the second such agreement Japan has signed with any country in the post-war period.

The closer strategic, military and intelligence cooperation occurring between the U.S., Japan and Australia is explicitly framed as the advancing of a “Free and Open Indo-Pacific”. The deepening cooperation between these three countries and its connection to the Free and Open Indo-Pacific concept can be placed in the following contexts.

In the post-war period, MacArthur’s call to “preserve in peace what we won in war” was achieved through a combination of military alliances and security relationships, economic support for post-war economies and increasing economic integration with regional countries, soft multilateral institutions to support the American role and presence in the region, and U.S. support for economic and political liberalisation.

During the decades after the Second World War, “winning the peace” largely meant checking the spread of communism in East Asia. The NSS

³⁵ See “Australia-Japan Foreign and Defence Ministers’ Meeting Joint Statement”, 18 April 2017 <https://foreignminister.gov.au/releases/Pages/2017/jb_mr_170418.aspx?w=tb1CaGpkPX%2FIS0K%2Bg9ZKEg%3D%3D>.

³⁶ See “Joint Press Statement — Visit to Japan by Australian Prime Minister Malcolm Turnbull”, 18 January 2018 <<https://www.pm.gov.au/sites/default/files/media/joint-press-statement.pdf>>.

makes clear that while there is no longer a communist threat, the U.S. is in another era of competition.³⁷

The United States will respond to the growing political, economic and military competitions we face around the world. China and Russia challenge American power, influence, and interests, attempting to erode American security and prosperity.

Furthermore, and with respect specifically to the Indo-Pacific, the NSS argues:³⁸

A geopolitical competition between free and repressive visions of world order is taking place in the Indo-Pacific ... Although the United States seeks to continue to cooperate with China, China is using economic inducements and penalties, influence operations, and implied military threats to persuade other states to heed its political and security agenda ...

This is recognition that the challenge China poses is vastly different from that posed by the Soviet Union. While the NSS acknowledges “The U.S. interest in a free and open Indo-Pacific extends back to the earliest days of our republic,”³⁹ the U.S. is facing a Chinese authoritarian competitor from within this region. It is a competitor which has “exploited the international institutions we helped build” and is selectively circumventing, ignoring or else challenging the rules-based order and many of its core principles even as it has benefitted as a participant and free-rider within it.

There is little doubt Japan and Australia agree with this assessment⁴⁰ even if Tokyo and Canberra have not expressed such concerns about

³⁷ NSS, p. 2.

³⁸ NSS, p. 46.

³⁹ Ibid.

⁴⁰ See “Joint Statement for the Australia-Japan-United States Trilateral Strategic Dialogue”, 7 August 2017 <https://foreignminister.gov.au/releases/Pages/2017/jb_mr_170807b.aspx>.

China and the latter's challenge to the rules-based order in the same stark terms. In official documents and pronouncements, Australia comes closest.

In her Fullerton Lecture in March 2017, Australian Foreign Minister Bishop made the following comments:⁴¹

[T]he domestic political system and values of the United States reflect the liberal rules-based order that we seek to preserve and defend.

While non-democracies can thrive when participating in the present system, an essential pillar of our preferred order is democratic community. Democratic habits of negotiating and compromise are essential to countries resolving their disagreements according to international law and rules.

In the FPWP that was launched eight months later, the following passage justifiably generated much interest:⁴²

To support a balance in the Indo-Pacific favourable to our interests and promote an open, inclusive and rules-based region, Australia will also work more closely with the region's democracies, bilaterally and in small groupings. In addition to the United States, our relations with Japan, Indonesia, India and the republic of Korea are central to this agenda.

This brings us to a major rationale for the three countries promoting a "Free and Open Indo-Pacific": it is a rallying cry, strategic objective and operational concept to respond to the tendency of powerful authoritarian states to challenge, circumvent or ignore aspects of the current order when it is convenient for them to do so. In the Indo-Pacific region, China

⁴¹ <https://foreignminister.gov.au/speeches/Pages/2017/jb_sp_170313a.aspx>.

⁴² FPWP, p. 4.

and to a lesser extent Russia, are the two authoritarian powers that have been named by the U.S. and are unnamed by Japan and Australia.

There are three aspects to creating a “balance of power” favourable to a Free and Open Indo-Pacific which are worth noting — and which critics of the concept often ignore or misunderstand.

First, a “favourable balance of power” is conceptually and operationally different to “containment” as was the case in the first few decades after the end of the Second World War.

Containment seeks to restrict the growth in the absolute power and influence of the adversary or competitor. In contradistinction, a favourable balance of power in favour of a Free and Open Indo-Pacific seeks to combine their weight to ensure that there are stable and enduring incentives for all nations to play by the rules and disincentives for nations to break them. In the case of the Indo-Pacific, the three democratic countries are not seeking to “contain” Chinese power. They are seeking to ensure sufficient collective power and will to ensure that growing Chinese power is not used to challenge, circumvent or ignore the rules-based order. This is reaffirmed in the NSS. Ultimately, the objective is to encourage China and other powers to champion the same rules and principles.

Second, the focus on working with other powerful liberal democracies is significant. It represents a stronger collective reaffirmation of the importance of the “liberal” characteristics of the current regional rules-based order and a refocusing on “democratic community”.

This was spelt out by Foreign Minister Bishop:⁴³

History shows democracy and democratic institutions are essential for nations if they are to reach their economic potential.

The only countries in the world who have escaped the “middle-income” trap to become high-income and advanced economies are democracies — with the exception of a small number of oil-rich Middle Eastern states.

⁴³ <https://foreignminister.gov.au/speeches/Pages/2017/jb_sp_170313a.aspx>.

Liberal-democratic institutions such as rule-of-law rather than rule by executive privilege, independent and competent courts, protection of property and intellectual property rights from state appropriation or theft, and limitations on the role of the state in commercial and social affairs remain the prerequisites for stable and prosperous societies, as they do for the creation of a vibrant and innovative private sector.

Note that these sentiments do not entail a new era of aggressive “democracy promotion” by the U.S. and its two allies. It is more a reassertion of the importance of the strengthening of liberal institutions emphasizing the separation of powers, limits on executive privilege and the rule of law, to the concept. The three governments are more interested in institutions and practices of governments which encourage habits of compromise, negotiation and transparency than they are in the number of parties contesting domestic elections.

“Democratic community” should not be viewed with the level of discomfort with which it is often seen in the region. It is worth noting that the ASEAN Charter itself includes aspirations to strengthen democracy, enhance good governance and the rule of law, and to promote and protect human rights and fundamental freedoms.

This leads to a further point about the economic aspects of a Free and Open Indo-Pacific.

The concept accepts the reality of economic competition and competition between nations carried out in the economic realm. However, economic and other forms of competition should be regulated.

The regulation of such competition takes several forms. One aspect is to promote greater separation between economic and political agency and objectives. As Bishop argues in an address in October 2016:⁴⁴

The power and force projection capabilities of the American Pacific Fleet throughout the Indo-Pacific is not leveraged to

⁴⁴ “Institute for Regional Security Annual Dinner Address”, 18 October 2016 <https://foreignminister.gov.au/speeches/Pages/2016/jb_sp_161018.aspx?w=tb1CaGpkPX%2FIS0K%2Bg9ZKEg%3D%3D>.

coerce or have any bearing on the operation of economic activity and competition in the region. If Exxon Mobile loses out to a foreign petroleum company in a legitimate economic transaction, the liberal rules-based order means the United States cannot use its military or economic power to intervene.

Powerful countries can legitimately use their political or military power to protect their citizens abroad. However, they cannot threaten or force foreign governments and other entities to achieve some desired economic result.

Another aspect deals with the characteristics of legitimate competition within the operation of free and open markets. While Australia speaks more generally about “deliver[ing] more opportunities for our businesses globally and stand[ing] against protectionism,”⁴⁵ the U.S.’s NSS states:⁴⁶

We stood by while countries exploited the international institutions we helped build. They subsidized their industries, forced technology transfers, and distorted markets.

OPERATIONALISING A FREE AND OPEN INDO-PACIFIC

The Free and Open Indo-Pacific concept delivers a moral and strategic reason and rationale for greater cooperation between the U.S., Japan and Australia. As with any framework involving multiple countries, alignment and inconsistency of policies make operationalizing that framework a challenge.

With respect to misalignment and inconsistency, the economic policies of the Trump administration have caused the most frustration. The early decision by Trump to pull out of the Trans-Pacific Partnership (TPP) was perceived by Japan and Australia as a wasted opportunity for

⁴⁵ FPWP, p. 3.

⁴⁶ NSS, p. 2.

the U.S. to use its market size and power to establish the economic rules of the road.⁴⁷ Tokyo and Canberra remain nonplussed in response to some of Trump's 'America First' economic policies that seek to secure a better short-term outcome for American firms rather than tend to the health and principles of the global economic system more broadly.⁴⁸

While there seems to be little alignment of economic and trade policies, the operationalizing of the Free and Open Indo-Pacific is more promising in other areas.

Trilateral defence cooperation between the three countries is based on ever closer inter-operability of air, maritime and cyber capabilities, improvements in strategic intelligence and information sharing, and establishing the future foundations for joint exercises between Japanese and Australian forces which would easily evolve into trilateral exercises with the addition of the U.S.

One particular important area for cooperation is submarine and anti-submarine warfare, given the collective concern these three countries have about Chinese underwater activities in the Western and South Pacific Oceans. Indeed, the three countries have plans for the joint development of amphibious capabilities.⁴⁹ Another is the acquisition of

⁴⁷ See "Malcolm Turnbull, Shinzo Abe agree to push for new TPP despite Trump scepticism", *ABC*, 15 January 2017 <<http://www.abc.net.au/news/2017-01-14/turnbull-abe-to-push-for-tpp-despite-trump-scepticism/8182892>>.

⁴⁸ See Primrose Riordan and Ben Packham, "Ciobo's 'economic ruin' warning over Trump protectionism", *The Australian*, 9 March 2018 <<https://www.theaustralian.com.au/national-affairs/foreign-affairs/ciobos-economic-ruin-warning-over-trump-protectionism/news-story/b77ee76e113755fbf705606a4149bc19>>; Anna Fifield and Emily Rauhala, "As U.S. allies, Japan and South Korea feel particularly wounded over steel tariffs", *Washington Post*, 8 March 2018 <https://www.washingtonpost.com/world/asia_pacific/as-us-allies-japan-and-south-korea-feel-particularly-wounded-over-steel-tariffs/2018/03/08/ef12b432-2260-11e8-946c-9420060cb7bd_story.html?noredirect=on&utm_term=.9a44be23b753>.

⁴⁹ See Sydney J. Freedberg Jr., "Japan, Australia Ramp Up Amphib Forces: Countering China", *Breaking Defense*, 1 April 2016 <<https://breakingdefense.com/2016/04/japan-australia-ramp-up-amphib-forces-countering-china/>>.

F-35s by Japan and Australia, which is a significant step in an integrated “networked” air capability for the three countries. More broadly, greater cooperation in the maritime, air, underwater and cyber domains between the three countries is seen by all three countries as essential to counter almost every aspect of the potential military threat posed by the rapid modernization of the People’s Liberation Army.⁵⁰

Despite the mixed messages and misalignment on economic and trade policy, there seems to be agreement on countering China’s use of economic incentives and largesse to reshape the rules of interstate commerce in the region.

The reluctance of the U.S., Japan and Australia to sign on to the BRI is a case in point. There is strong suspicion within the three countries that the BRI is largely motivated by China’s desire to bind BRI economies to its own on terms which are beneficial to Beijing and less so for other countries — at the expense of the economic interest and regional influence of the U.S. and its allies.⁵¹

Although neither country has openly criticized the BRI, one is left with little doubt that the three countries view the BRI as a challenge to a Free and Open Indo-Pacific. The NSS states that:⁵²

China’s infrastructure investments and trade strategies reinforce its geopolitical aspirations. Its efforts to build and militarize outposts in the South China Sea endanger the free flow of trade, threaten the sovereignty of other nations, and undermine regional stability.

⁵⁰ See Eric Heginbotham, Michael Nixon, Forrest E. Morgan, Jacob Heim, Jeff Hagen, Sheng Tao Li, Jeffrey Engstrom, Martin C. Libicki, Paul DeLuca, David A. Shlapak, David R. Frelinger, Burgess Laird, Kyle Brady and Lyle J. Morris, *The U.S.-China Military Scorecard: Forces, Geography and the Evolving Balance of Power, 1996–2017* (Santa Monica: RAND, 2015) <https://www.rand.org/content/dam/rand/pubs/research_reports/RR300/RR392/RAND_RR392.pdf>.

⁵¹ See Michael Clarke, “The Belt and Road Initiative: Exploring Beijing’s Motivations and Challenges for its New Silk Road”, *Strategic Analysis* 42, no. 2 (2018): 84–102.

⁵² NSS, p. 46.

Canberra has consistently expressed concerns about countries falling into “debt traps” and subsequently having their national interests compromised and sovereignty undermined by creditor countries (i.e., China)⁵³ — a situation which has played out in Sri Lanka, Laos and Cambodia and potentially in other countries.⁵⁴

Unlike the Asian Infrastructure Investment Bank (AIIB) which has a set of governance principles broadly consistent with those of multilateral institutions such as the World Bank, the BRI is a set of bilateral arrangements between China and individual countries. While China has just over one quarter of the votes in the AIIB, terms of each BRI agreement is negotiated between China and another country with Beijing generally enjoying overwhelming leverage during these negotiations.

The point is that the BRI is seen to undercut the Free and Open Indo-Pacific in a number of ways: it weakens the capacity of indebted countries to exist as sovereign nations when these overbearing debts are called in; it lowers common standards for economic governance and transparency through the conclusion of opaque agreements; it promotes investment for political rather than commercial purposes, thereby conflating commercial and political agency in the region; and it promotes a closed economic and supply chain system which prioritizes the long-term interests of China over other countries.

There are challenges for the U.S., Japan and Australia to counter China’s BRI because much of the investment from the former is initiated by private firms. Even so, there are fledging or nascent alternatives to

⁵³ See Fergus Hunter, “Australia does not want the Pacific’s debt burden to increase: Concetta Fierravanti-Wells”, *Sydney Morning Herald*, 11 April 2018 <<https://www.smh.com.au/politics/federal/australia-does-not-want-the-pacific-s-debt-burden-to-increase-concetta-fierravanti-wells-20180411-p4z8z5.html>>; “Foreign Minister Julie Bishop’s Interview with Ben Fordham”, 10 April 2018 <https://foreignminister.gov.au/transcripts/Pages/2018/jb_tr_180410b.aspx?w=tb1CaGpkPX%2FISOK%2Bg9ZKEg%3D%3D>.

⁵⁴ See John Hurley, Scott Morris and Gailyn Portelance, “Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective”, *Center for Global Development Brief*, 4 March 2018 <<https://www.cgdev.org/sites/default/files/examining-debt-implications-belt-and-road-initiative-policy-perspective.pdf>>.

the BRI being discussed. These include Japan’s focus on “Quality Infrastructure Investment”,⁵⁵ joint U.S.–Japan initiatives to work with organizations and private firms in their respective countries to offer “high-quality United States-Japan infrastructure investment alternatives in the Indo-Pacific”,⁵⁶ Australian initiatives to work with ASEAN to develop a “pipeline of high quality infrastructure projects” to “drive sustainable, open and inclusive regional economic growth”.⁵⁷ Using aid to help countries become more resilient by promoting development and infrastructure which allows recipient countries in the region to become less reliant on outside largesse rather than more, is another approach.⁵⁸

PUTTING THE “INDO” IN INDO-PACIFIC: THE REVIVAL OF THE QUAD

In many respects, the revival of the Quadrilateral meetings between the U.S., Japan, Australia and India which occurred in November 2017 ought to have been expected.

⁵⁵ See Kantaro Sonoura, “Japan’s initiatives for promoting ‘Quality Infrastructure Investment’”, 19 September 2017 <<http://www.mofa.go.jp/files/000291344.pdf>>; “Japan urges ASEAN to work with OECD on high quality infrastructure”, *Kyodo News*, 8 March 2018 <<https://english.kyodonews.net/news/2018/03/c9e250b643db-japan-urges-asean-to-work-with-oecd-on-high-quality-infrastructure.html>>.

⁵⁶ See “President Donald J. Trump and Prime Minister Shinzo Abe are Working Together to Strengthen the U.S.-Japan Alliance”, White House Fact Sheet, 17 April 2018 <<https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-prime-minister-shinzo-abe-working-together-strengthen-u-s-japan-alliance/>>.

⁵⁷ Foreign Minister Julie Bishop and Treasurer Scott Morrison Joint Release, “Strengthening ASEAN-Australia Economic and Infrastructure Cooperation”, 17 March 2018 <https://foreignminister.gov.au/releases/Pages/2018/jb_mr_180317a.aspx>.

⁵⁸ See, for example, *Australian Aid Budget Summary 2017–18* (Canberra: Department of Foreign Affairs and Trade, 2017) <<http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2017-18-australian-aid-budget-summary.pdf>>.

The NSS specifically refers to “increased quadrilateral cooperation with Japan, Australia and India”.⁵⁹ It is widely known that the Abe government remains a strong supporter of the grouping while cooperation with the Quad countries (along with South Korea and Indonesia) is mentioned in the FPWP as countries of high strategic interest for Australia. The U.S., Japan and India, and the U.S., Japan and Australia already have established trilateral diplomatic mechanisms and conduct regular joint exercises respectively. All four countries have similar concerns about Chinese maritime behaviour in the region⁶⁰ and the Quad is consistent with Narendra Modi’s “Act East” approach.⁶¹

The Quad meeting in 2017 was a modest affair. Senior officials (rather than ministers) met in Manila to discuss issues of common interest in the Indo-Pacific. Following the meeting, each country offered a short media release revealing that “discussions focused on cooperation on their converging vision and values for the promotion of peace, stability and prosperity in an increasingly inter-connected region” and “agreed that a free, open, prosperous and inclusive Indo-Pacific region serves the long-term interests of all countries and of the world at large”.⁶² The countries agreed to meet again the following year, presumably at the same or

⁵⁹ NSS, p. 46.

⁶⁰ In an address to business leaders in Tokyo in 2014, PM Modi made the following comments: “The world is divided in two camps. One camp believes in expansionist policies, while the other believes in development. We have to decide whether the world should get caught in the grip of expansionist policies or we should lead it on the path of development and create opportunities that take it to greater heights.” Quoted in Bruce Einhorn, “Visiting Japan, India’s Modi Pokes at China”, *Bloomberg*, 3 September 2014 <<https://www.bloomberg.com/news/articles/2014-09-02/visiting-japan-indias-modi-implicitly-criticizes-china>>.

⁶¹ See Dhruva Jaishankar, “Strategic Dilemma: To Quad or not to Quad”, *Deccan Herald*, 5 February 2018 <<https://www.deccanherald.com/content/657689/strategic-dilemma-quad-not-quad.html>>.

⁶² See, for example, Indian Ministry of Foreign Affairs, “India-Australia-Japan-U.S. Consultations on Indo-Pacific”, 12 November 2017 <http://mea.gov.in/press-releases.htm?dtl/29110/IndiaAustraliaJapanUS_Consultations_on_IndoPacific_Manila_November_12_2017>.

similar levels. Commenting that the meeting lays the foundation for an “Asian NATO” ignores the fact that a collective security agreement has never existed in the region.⁶³ Such suspicions are at best premature and signals significant over-reading.⁶⁴

Even so, there was considerable interest in the Quad’s revival in Southeast Asia. Part of the reason for the interest was the timing of the Quad meeting that occurred just weeks before the Trump administration’s forward leaning NSS was released. There were apparently some mutterings in regional diplomatic circles that the Quad represents the essence of the collective strategy to promote a Free and Open Indo-Pacific,⁶⁵ with the deliberate or inadvertent consequence that ASEAN might well be sidelined. As a result, many ASEAN members remain uncertain as to how they ought to view the reestablishment of regular meetings to discuss strategic issues between these four countries.

It is too early to know the significance of the revival of the Quad due to the existence of too many uncertain factors. However, one can lay out what we do know to be certain or else likely. Bilateral and trilateral strategic cooperation and coordination between the U.S., Japan and

⁶³ An argument might be made that the Southeast Asian Treaty Organisation (SEATO) which was created from the 1954 Manila Pact and in place from 1955 to 1977 between Australia, France, New Zealand, Pakistan, the Philippines, Thailand, France, the United Kingdom and United States represented a collective security arrangement. SEATO provided for self-help and mutual aid in preventing and countering subversive communist activity from other countries and cooperation in economic and social affairs. However, unlike NATO, there were no standing SEATO military forces. SEATO had no independent mechanism for obtaining intelligence or deploying military forces and the potential for genuine collective action (i.e., the attack on one member constitutes an attack against all members and obligates all members to come to the former’s defence) was limited.

⁶⁴ See, for example, Cary Huang, “US, Japan, India, Australia ... Is Quad the first step to an Asian NATO?”, *South China Morning Post*, 25 November 2017 <<http://www.scmp.com/week-asia/opinion/article/2121474/us-japan-india-australia-quad-first-step-asian-nato>>.

⁶⁵ This is based on the author’s informal discussions with senior regional officials and diplomats in April–May 2018.

Australia is certain. Increasing strategic cooperation between India on the one hand, and the U.S. and Japan on the other, is already entrenched and is very likely to continue. Australia is increasingly looking to India as a strategic partner with respect to the Indian Ocean.

All four countries are in strong agreement that China's activities in the East and South China Seas are against their interests, erode the foundations of the regional order and stability, and are indicative of a China heading in a worrisome direction as its power grows. There is deep agreement that Chinese disregard for rules and laws in the East and South China Seas must not be allowed to be replicated in any form in the Indian Ocean.

At the same time, India remains suspicious that Australian interest in the Quad will continue with changes of government. New Delhi has never forgiven the Kevin Rudd government for unilaterally withdrawing from the original Quadrilateral Initiative in early 2008 (although Indian apprehensions should be somewhat allayed by the recent public affirmation issued by two senior Australian opposition spokespersons that the revived Quad is an important grouping).⁶⁶ There will be doubts as to the extent to which New Delhi is willing to push for any upgrading of the Quad (in terms of ministerial or leader level meetings) or the extent of institutionalizing greater quadrilateral cooperation whilst doubts about the permanence of Australian commitment remain.

There are also entrenched elements of the Indian foreign policy establishment which carries the legacy of the country's non-alignment ideology. Within the military, there are ideological and technical limitations as to the extent to which the four navies can achieve greater inter-operability and/or coordination.⁶⁷ Given China's displeasure at the

⁶⁶ Penny Wong and Richard Marles, "Why Labor believes the Quad is important to ASEAN", *Australian Financial Review*, 15 March 2018 <<http://www.afr.com/opinion/columnists/why-labor-believes-the-quad-is-important-to-asean-20180315-h0xhtc>>.

⁶⁷ See Sanjeev Miglani, "Indian navy the old man out in Asia's 'Quad' alliance", Reuters, 22 November 2017 <<https://in.reuters.com/article/india-usa-quad/indian-navy-the-odd-man-out-in-asias-quad-alliance-idINKBN1DM0U7>>.

reconvening of the Quad, there remain doubts in India as to whether tentative steps towards strategic and military coordination is worth the trouble, partially explaining India's unexpected decision to exclude Australia from the Malabar 2018 naval exercises after giving the impression that Canberra was welcome to rejoin for the first time since 2007.⁶⁸

Indeed, China has been careful to ostensibly respect India's maritime interests in the latter's Indian Ocean littoral zones even as the PLA Navy expands its presence in that Ocean. New Delhi remains suspicious that Beijing is gradually 'normalizing' its presence in the Indian Ocean, but in a creeping manner to avoid provoking a strong counter-response⁶⁹ that might include readiness to militarize the Quad.

The future purpose and direction of the Quad will depend on the extent of the concern the four countries (especially India) have about Chinese actions and intentions. Indian appetite to upgrade the Quad will largely depend on Chinese activities in the Indian Ocean since it is difficult to envisage India taking a more proactive interest in affairs in the East and South China Seas beyond issuing of diplomatic criticisms of Chinese behavior.

For the moment, the Quad exists primarily as a signaling device to China in particular: mechanisms to upgrade coordination against aberrant behaviour exist. The greatest deterrent effect is to be found in this signalling than in any sense of quadrilateral coordination at present.

However, prematurely dismissing the Quad⁷⁰ ignores the reality in international politics and strategic policy that if there is strong need to

⁶⁸ See Emanuele Scimia, "Malabar 2018: India deals a blow to Australia and the 'Quad'", *Asia Times*, 1 May 2018 <<http://www.atimes.com/malabar-2018-india-deals-a-blow-to-australia-and-the-quad/>>.

⁶⁹ See Abhijit Singh, "India wants a Quad to counteract China's expanding influence", *Australian Financial Review*, 24 January 2018 <<http://www.afr.com/opinion/india-wants-a-quad-to-counteract-chinas-expanding-influence-20180123-h0n1k9>>.

⁷⁰ See James Curran, "All shot and no powder in the Quadrilateral Security Dialogue", *East Asia Forum*, 28 January 2018 <<http://www.eastasiaforum.org/2018/01/28/all-shot-and-no-powder-in-the-quadrilateral-security-dialogue/>>.

better coordinate activities in a more robust or muscular way, such needs are eventually met even if there are delays.

ASEAN AND THE FREE AND OPEN INDO-PACIFIC

The reaction of ASEAN states to the Free and Open Indo-Pacific range from the “agnostic”⁷¹ to silent scepticism.⁷² Vietnam, Singapore, Indonesia and possibly Thailand are not inherently opposed to the focus on the Indo-Pacific even if they have reservations about juxtaposing a “Free and Open Indo-Pacific” to China’s preferred view of regional order. Indonesia appears the most supportive of the Indo-Pacific as a geo-strategic concept but only if it enhances ASEAN’s presence in that broader construct. Malaysia, the Philippines, Cambodia and Laos have remained largely silent on the issue.⁷³ It is to be expected these views by individual states will evolve as the concept becomes better socialized throughout the region and policies of the U.S., Japan and Australia under this framework are rolled out.

Although the notion of a free and open region guided by rules and international law is inherently appealing to ASEAN and a majority of its member states, current reluctance to endorse the Free and Open Indo-Pacific concept arises for several reasons.

The change of focus from the Asia-Pacific to the Indo-Pacific gives rise to unease. ASEAN is aware that the Indian and Pacific Oceans are increasingly linked in strategic, economic and logistical ways. ASEAN states are also supportive of India’s “Act East” policy and welcome a greater role for India in regional affairs.

⁷¹ See Bilahari Kausikan, “ASEAN: Agnostic on the Free and Open Indo-Pacific”, *The Diplomat*, 27 April 2018 <<https://thediplomat.com/2018/05/asean-agnostic-on-the-free-and-open-indo-pacific/>>.

⁷² See Premesha Saha, “The Quad in the Indo-Pacific: Why ASEAN Remains Cautious”, *ORF Issue Brief 229*, February 2018 <https://www.orfonline.org/wp-content/uploads/2018/02/ORF_IssueBrief_229_QuadASEAN.pdf>.

⁷³ *Ibid.*, pp. 5–7.

However, there are fears that the change in and widening of geo-strategic focus will diminish the diplomatic centrality and relevance of ASEAN even though ASEAN-led meetings such as the East Asia Summit includes India and is increasingly taking on an Indo-Pacific perspective. The fact that the newfound interest in the Indo-Pacific was an initiative by non-ASEAN countries heightens ASEAN's apprehension that diplomatic events and discussion may well transcend ASEAN centrality.

Indeed, for some ASEAN states, the re-establishment of the Quad is the quintessential Indo-Pacific initiative. It may well be a glimpse of a post-ASEAN future within which ASEAN's standing and ability to set the regional agenda and lead discussion is diminished. It is not lost on members that the Quad brings together four democratic countries with considerable hard power resources that exceed those of ASEAN member states by a considerable margin.

If groupings such as the Quad become more significant, then many believe ASEAN centrality is inherently threatened. Democratic nations like South Korea and perhaps Indonesia may well become more interested in such groupings at ASEAN's expense. Moreover, a privilege of ASEAN centrality lies in the diplomatic capacity to include or exclude countries in major forums. That privilege will be rendered less relevant.

Furthermore, ASEAN states are anxious because the Free and Open Indo-Pacific exists as a counter to China's hierarchical perspective of the regional order and its privileged place within it. While Chinese policies and behaviour are a major cause for anxiety amongst ASEAN states, maintaining ASEAN diplomatic centrality offers a sense of reassurance for Southeast Asian states that their individual and collective voices will at least be heard by larger powers.

ASEAN seeks to manage its relationships with great powers by championing the principles of inclusiveness and neutrality (and maximizing its diplomatic leverage through protecting its privilege to define what these terms mean.) If ASEAN is seen to support the Free and Open Indo-Pacific concept, its cover of inclusiveness and neutrality will be blown. The consequences of Chinese displeasure are unknown but will cause deep apprehension nevertheless. As Singaporean Prime Minister Lee Hsien Loong argues, when asked about his country's reaction to a Free and Open Indo-Pacific during his visit to Australia for

the ASEAN-Australia Special Summit, “we do not want to end up with rival blocs forming or countries having to take one side or the other.”⁷⁴

ASEAN also insists on the principle of consensus to minimize open disagreement amongst its member states and to offer the convenient fiction that ASEAN represents a unified bloc. Presenting itself as a unified bloc provides a louder voice and greater leverage for Southeast Asia states when dealing with larger powers. As there is no consensus amongst ASEAN states on the Free and Open Indo-Pacific, ASEAN is unable to offer any clear position vis-à-vis the concept.

CHALLENGE OR OPPORTUNITY: ASEAN MUST DECIDE

In the last few decades, ASEAN centrality and the principles of neutrality and inclusiveness has served ASEAN and the region well: it has allowed ASEAN to take the lead in building essential multilateral diplomatic architecture while ASEAN member states and other countries retain a free hand in pursuing their own security relationships and interests.

This arrangement had broad support in the last decade of the previous century and the first decade of the current century because security competition between the great powers was minimized: U.S. allies and security partners were content to contribute to and exist under U.S. pre-eminence; other member states supported U.S. pre-eminence because it dampened security competition and allowed regional countries to focus on development; and a rising China was content to free-ride within that security system without ever genuinely committing to the rules, institutions and practices of that order.

The challenge for ASEAN is that what worked well in the recent past may well be less effective in the evolving strategic environment. China is increasingly challenging U.S. pre-eminence and aspects of the rules-

⁷⁴ “Responses by Prime Minister Lee Hsien Loong to Questions from Australian Media”, 17 March 2018 <https://theaustralianatnewscorpau.files.wordpress.com/2018/03/australian-media-interview_final.pdf>.

based order when it is convenient for Beijing to do so. Its grand strategy is to weaken the strategic role of the U.S. and degrade Washington's credibility as security provider, and gradually dismantle the system of alliances which has been in place since after the end of the Second World War.

In short, ASEAN's preferred principles of neutrality and inclusiveness are ideally suited for an environment within which there are no major disputes between great powers (and between ASEAN states.) Such principles come under strain when strategic competition between the U.S. and its allies on the one hand, and China on the other is intensifying even as the latter is engaging in actions that threaten the core interests and/or territorial integrity of some member states.

The Free and Open Indo-Pacific is largely the reaffirmation of the status quo and is being promoted as a contrast to the Chinese challenge or else revision of key aspects of the normative, strategic and territorial order in the region. In this more recent and confronting environment, ASEAN is currently in an uneasy holding pattern as events evolve rapidly around it.

One major illustration of the difficulties for ASEAN is with respect to activities in the South China Sea. China has managed to take advantage of the latter's preference for consensus decision-making to prevent ASEAN speaking with a stronger voice on this issue. While the U.S., Japan, Australia and India⁷⁵ have all reaffirmed the importance of adhering

⁷⁵ India has been forward leaning on regional issues in defence of the rules-based order under PM Modi. When the decision of the Arbitration Tribunal on the Philippines/China case was handed down in July 2016, the Indian Ministry of Foreign Affairs released a statement declaring that all parties should show the 'utmost respect for UNCLOS, which establishes the international legal order of the seas and oceans' and supports freedom of navigation and over-flight, and unimpeded commerce, based on the principle of international law, as reflected notably in UNCLOS. It criticized (Chinese) actions that "complicate or escalate disputes ...". See "Statement on Award of Arbitration Tribunal on South China Sea Under Annexure VII of UNCLOS", 12 July 2016 <http://www.mea.gov.in/press-releases.htm?dtl/27019/Statement_on_Award_of_Arbitral_Tribunal_on_South_China_Sea_Under_Annexure_VII_of_UNCLOS>.

to established rules and international law, ASEAN continues to have difficulty agreeing on common words with respect to the South China Sea and agreeing on a common position with respect to international law as it applies to these disputes.

While the majority of ASEAN member countries support outside powers taking stronger stances on these issues, the U.S., Japan and Australia will increasingly look to ASEAN to voice stronger support for the rules-based order and adherence to international law as they relate to the South China Sea. Bishop has argued in this context: “As one of the guardians of regional norms, ASEAN should never underestimate the moral force it can exert in the form of collective diplomatic pressure on countries that might think or behave differently.”⁷⁶

The U.S. (and perhaps Japan and Australia) is also likely to become increasingly impatient with the current state of regional diplomacy. Southeast Asian states ought to be cognizant of the fact that the core interests of non-ASEAN powers are affected as China changes “facts on the ground” and continues to militarize its artificial islands even as negotiations for a non-binding Code of Conduct (CoC) drags on. Even if the CoC is concluded, there is little expectation it would rein in Chinese activity and no expectation that Chinese illegal gains can be reversed. As Chinese policies in the disputed areas have profound strategic and other implications for the entire region, the U.S., Japan and Australia will become less sympathetic to the perspective that disagreements on the South China Sea is primarily an ASEAN–China issue.

Indeed, it is worth noting that only five of the ten ASEAN states are claimants. Non-ASEAN states will become increasingly apprehensive since their core strategic interests are being increasingly challenged and eroded. It may be that some ASEAN states will themselves grow increasingly frustrated with ASEAN’s reluctance or inability to voice greater disapproval of Chinese actions. Vietnam and Indonesia have been more vocal than peers in criticizing Chinese behaviour. Other Southeast Asian maritime states may well join them in the foreseeable future. The

⁷⁶ <https://foreignminister.gov.au/speeches/Pages/2017/jb_sp_170313a.aspx>.

cherished principle of neutrality will itself come under pressure internally if ASEAN itself is becoming internally divided.

In the foreseeable future, ASEAN centrality in a formal sense will not be directly challenged. ASEAN will retain its privileged role in leading and convening the major gatherings between nations regardless of whether we exist in an “Asia-Pacific” or “Indo-Pacific” region. Geo-strategic terminology will not be the determinant of ASEAN’s role and relevance.

However, ASEAN centrality in a meaningful sense will come under increasing pressure if it is perceived by outside powers that ASEAN’s softly-softly diplomatic approach in the name of “neutrality” and “inclusiveness” is inadvertently allowing China to deflect criticism and avoid collective pressure. As the NSS confirms, the U.S. is becoming increasingly agitated with respect to events in the region, and Chinese actions specifically. A more robust United States will increasingly seek to counter Chinese actions and great powers tend to eventually take matters into their own hands if developments continue to move against their interests. If that occurs, the U.S. and others may well continue to pay lip service to ASEAN but set their own agendas with other countries, which are seen to better suit their national interests.

In principle, ASEAN should be comfortable with the principles of a Free and Open Indo-Pacific as it is a reassertion of a beneficial normative and strategic order that protects the sovereignty and rights of smaller states. While ASEAN need not officially adopt or endorse the Free and Open Indo-Pacific concept, it appears to be in ASEAN’s interest to engage formally and substantially with the three outside powers on the operationalization of the concept even if it is done behind closed doors.

Doing so would signal subtle approval of the basic framework and principles of a Free and Open Indo-Pacific and allow ASEAN to further refine aspects of the concept and play a greater role in shaping the policy agenda for the three countries. This might include the future direction of the Quad, coming to agreement on an appropriate role for ASEAN vis-à-vis the Free and Open Indo-Pacific concept, and with respect to policies toward China. Including discussion of the Free and Open Indo-Pacific concept on the ASEAN agenda would also assist the three external states in developing a more credible and constructive economic

diplomacy approach for the region. Such an economic element is still substantially lacking in the operationalization of the concept.

Importantly, such engagement will also offer ASEAN a framework through which to critique policies of the three countries whenever those policies undermine the furtherance of a Free and Open Indo-Pacific and the common interests of the region.

There is the vexed issue of how China would respond if ASEAN were to collectively engage constructively with the U.S., Japan and Australia on the concept. Beijing may well accuse ASEAN of “taking sides”. The plausible response would be that engaging with a concept that advocates for a rules-based order is not an inherently hostile act against China. It merely proscribes certain behaviours and policies that have been adopted by China. As a guardian of regional norms and supporter of international law, ASEAN and other countries are simply using their collective weight to increase diplomatic pressure on countries that violate long-standing rules, practices and international law.

Despite its growing power, China is still susceptible to collective diplomatic pressure. Beijing cannot easily ignore a common set of principles and norms that are supported by the U.S., Japan, Australia, India and ASEAN. This would raise the diplomatic and other costs of misbehaviour without any one country having to bear Chinese displeasure on its own. After all, the power of ASEAN is not just to acquiesce but also to criticize while there is strength and protection in numbers.

CONCLUSION

“Neutrality” and “inclusiveness” have been long-standing and fundamental ASEAN tenets. There is understandable reluctance to revisit these tenets despite the profound changes and challenges for the region. While there is no requirement for ASEAN to abandon these tenets, revision and reinterpretation of the tenets and what they might entail are becoming necessary.

ASEAN can still formally remain neutral vis-à-vis other countries but advocate a set of principles, norms, rules and practices as it has done successfully for decades. Doing so and engaging with a Free and Open Indo-Pacific that champions these principles, norms, rules and

practices does not “exclude” China or any other country — it only voices disapproval of certain policies and actions.

In doing so, ASEAN maximizes its relevance and usefulness to external powers in furtherance of principles that protect the interests of member states and safeguard their sovereignty. Failure to do so undermines the interests of member states and the usefulness of ASEAN to the US and its two allies. If the latter occurs, the U.S. and allies are increasingly likely to offer only lip service to the idea of ASEAN centrality.

Finally, indecisiveness and paralysis resulting from the need to secure unanimity in decision-making is preventing ASEAN from acting decisively in the region’s interest or speaking confidently in defense of its member’s core interests.

Just as majority verdicts replaced the strict requirement for unanimity to prevent the prevalence of “hung juries” damaging the institution of trial by jury in many jurisdictions, ASEAN may have to eventually consider abandoning its cherished convention of decision-making by full consensus — perhaps to allow decision-making through agreement by a quorum of eight or nine states. Such a change, although momentous, is not prohibited by its Charter, which is silent on this issue.

The change would initially be resisted by many members. But the conceivable consequence over time of continued paralysis is a lessening of emphasis on ASEAN by some individual member states and profound external frustration and impatience with ASEAN as interests of some ASEAN states and external states are increasingly undermined. If this comes to pass, then the future for ASEAN and its member states will be far more precarious.

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PUBLISHING

30 Heng Mui Keng Terrace
Singapore 119614

<http://bookshop.iseas.edu.sg>

TRS13/18s

ISBN 978-981-4818-63-6



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