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THE SINO-US RIVALRY IN THE INDO-PACIFIC: THE STRATEGIC RESPONSES OF GREAT AND MIDDLE POWERS

All Indo-Pacific nations and those who have interests in the region, including outside actors such as the European Union, have to respond to the Sino-US rivalry. It is notably played out in the South China Sea where the South China Sea is a major area of conflict, as is the Taiwan Strait. The majority of the smaller and middle powers reacts to the great power rivalry with a hedging strategy: They deliberately avoid aligning with one of the great powers, while seeking economic and/or security benefits from both. The EU and Russia are welcomed as additional partners, but their influence on shaping the regional order remain limited. For both, the Association of Southeast Asian Nations (ASEAN) is the go through actor to play a stronger role in the Indo-Pacific.

Key words: Indo-Pacific, Sino-US rivalry, ASEAN, EU, Russia, hedging

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СОПЕРНИЧЕСТВО КНР И США В ИНДО-ПАЦИФИКЕ: СТРАТЕГИЧЕСКИЕ ОТВЕТЫ ВЕЛИКИХ И СРЕДНИХ ДЕРЖАВ

Все народы Индо-Тихоокеанского региона (Индо-Пасифики), а также Евросоюз и прочие сторонние участники большой политики, имеющие свои интересы в этом регионе, вынуждены реагировать на американско-китайское соперничество. Это противостояние наиболее ярко проявляет себя в Южно-Китайском море, которое наряду с Тайваньским проливом выступает основной ареной столкновений. Большинство малых и средних держав реагирует на соперничество крупных игроков, прибегая к стратегии уклонения: они старательно избегают принимать чью-либо сторону в надежде обезопасить себя и получить экономическую выгоду от обеих сторон. ЕС и Россия рассматриваются как возможные партнеры, но их влияние на ситуацию в регионе остается ограниченным. Ключевую роль же в Индо-Тихоокеанском регионе призвана сыграть Ассоциация государств Юго-Восточной Азии (АСЕАН).

Ключевые слова: Индо-Тихоокеанский регион, американско-китайское соперничество, АСЕАН, Евросоюз, Россия, стратегия уклонения.

In 1991, the Cold War ended after the collapse of the Soviet Union. Today, exactly 30 years later, there is the risk of the emergence of a new Cold War — this time between the United States and the People’s Republic of China. However, similar to the periods of *détente* between Washington and Moscow in which cooperation between the two rivaling blocs were possible, the rivalry between the two superpowers may also unfold in a more peaceful manner. Yet, the smaller and middle powers around the world need to prepare both for the scenario of a cooperative and a conflictive Sino-US relationship.

Since supreme leader Deng Xiaoping launched his opening-up and reform policy in December 1978, China developed in an economic superpower. Moreover, it also became a military force to be reckoned with, in particular in the Indo-Pacific region. Already in the 1990s, China’s rise raised fears, as in particular the neighbor states in Northeast and Southeast Asia as well as in Oceania critically questioned the motives for China’s increased defence spending. Beijing responded with a charm offensive, not least with supporting the most affected Southeast Asian countries financially to overcome the Asian Financial Crisis of 1997/98.

In the following years, it cooperated closely with the Association of Southeast Asian Nations (ASEAN) in a broad range of policy areas, in particular in economic affairs (Chiang, 2018). In 2020, ASEAN became China’s largest trading partner, overtaking the European Union (EU). Most recently, Beijing used the COVID-19 pandemic to conduct a highly visible face mask and vaccine diplomacy. The vast majority of the beneficiaries are members of China’s Belt and Road Initiative (BRI) of which the Health Silk Road forms a previously overlooked part. However, while China’s vaccine donations were highly welcome in the beginning, there have increasingly been raised doubts about the efficacy of the Chinese vaccines. Beijing’s vaccine diplomacy — and its soft power campaigns in general — was therefore much less successful as initially hoped and failed to create as much trust as envisioned (Zaini, 2021). In general, China’s image worsened in the last years in many regions (Silver, et al., 2020) — despite the BRI and the remarkable public relations campaign China started to promote it. Noticeable exceptions are Russia and Serbia, where the perception of China improved (Turcsányi et al., 2020).

Launched in 2013, the BRI is an ambitious geo-economic and geostrategic initiative, aiming at better interlinking Asia with the Middle East, Europe, Africa, Latin America and the Arctic. The BRI is a response to President Barack Obama’s pivot to Asia, a rebalancing to this increasingly important world region. Many politicians and scholars regard the BRI as a Chinese grand strategy to strive for regional, if not global dominance, while other regard it more as a flexible bundle of policies and actions (Gerstl, Wallenböck, 2021). However, even if we assume the Chinese leadership does not have the intention to rule the world, due to its size the BRI impacts directly and indirectly on the existing order, norms and values in the Indo-Pacific region.

Japan under former Prime Minister Shinzo Abe was the first country to react to the strategic challenge of the BRI by outlining its Free and Open Indo Pacific Strategy in 2017 (Ministry of Foreign Affairs of Japan, 2017). “Indo-Pacific” is a very recent concept; until 2010, “Asia-Pacific” was the preferred term. Enlarging the Asia-Pacific, notably with the inclusion of India, another rising giant, does not dwarf China, but let appear the PRC at least a bit smaller and less powerful. Australia, the United States and ASEAN followed suit with their Indo-Pacific strategies. Their strategies have in common that they emphasize the need for upholding the multilateral rules-based order in the Indo-Pacific. They also endorse ASEAN’s regional centrality, as they only transregional structures were created by the Southeast Asian organization. In other words: They are wary of the growing influence of the PRC and their capacity to change the existing, Western-dominated order and create new rules and norms.

In principle, a stronger engagement of regional and outside great and middle powers in addition to China and the US is highly welcome by the smaller Indo-Pacific nations. Their intention is to engage them stronger in the region and use them to counter-balance China. However, the majority also

aims to avoid aligning with the US in order to keep their strategic autonomy. The list of actors who are welcome partners includes the European Union. In September 2021, the EU released its long-awaited Indo-Pacific strategy (European Commission and High Representative of the Union for Foreign Affairs and Security Policy, 2021). However, the strategy lacks both ambition and vision (Gerstl, 2021a). Yet, it can be argued that this is a highly realistic approach, as it reflects the EU's lack of military power. Therefore, despite its significant economic leverage — the EU is a key investor, trade partner and provider of development assistance for the majority of the Indo-Pacific nations — Brussel's impact on shaping the regional order is limited. To promote its interests, it has to cooperate with the regional actors, notably ASEAN. Accordingly, the new EU strategy supports ASEAN's regional centrality and the need to maintain the existing multilateral and rules-based order (Gerstl, 2021a).

All in all, however, the EU's Indo-Pacific strategy is a missed opportunity to deepen its cooperation with like-minded nations in the region. It also falls short of the expectations which were raised after the launch of the guidelines for a China strategy in March 2019. They portray China as partner, (economic) competitor and — for the first time ever — as systemic rival (European Commission and High Representative of the Union for Foreign Affairs and Security Policy, 2019).

More cohesive than the EU Indo-Pacific strategy are the respective strategies of the key EU member states Germany, France and the Netherlands, released in 2019 and 2020. Therein they argue in favor for a more prominent role of the EU and the major European powers in the region, even in security matters, notably in the South China Sea. Because freedom of navigation and trade is a vital objective for Europe. Right now, the Europeans have soft power, but lack coercive power. Similar to the US and Japan, the Europeans launched an alternative infrastructure and connectivity initiative, albeit it cannot match the geographic scope, ambitions and the funding of the BRI.

Unlike the former Soviet Union, Russia has a comparatively low profile in the Indo-Pacific, despite President Vladimir Putin's strategic objective to improve the relations as part of his "turn to the east" policy, announced in 2010. Moscow is, however, an important provider of weapons, notably for India, China, Vietnam and Malaysia (Storey, 2021). Also welcome is Moscow's experience in energy resource development, while conversely Russia seeks to attract investments for the development of its Far East. Moscow's closest political partner is traditionally Vietnam which has tense relations with China which in turn complicates the Russian-Vietnamese relations (cf. Denisov et al., 2021).

All Indo-Pacific strategies have in common that they emphasize the need to uphold the multilateral order, based on international law, dialogue and cooperation. Key for this order is the maintenance of ASEAN's regional centrality in the Indo-Pacific which is verbally also endorsed by China and Russia. The regional organization established since the end of the Cold War trans-regional forums to promote dialogue and cooperation in politics, economics and security, for instance, the ASEAN Regional Forum (ARF) and the East Asia Summit (EAS). However, whether ASEAN can maintain its strategic usefulness as go through actor for the great powers, remain to be seen (Tan, 2020. P. 147). It depends both on the hegemonic intentions of China and the US and ASEAN's ability to sponsor compromises among the great powers.

Washington remains under President Joe Biden critical of China. The most noteworthy change to the policies of Trump administration is that Biden returned to the traditional alliance policy, exemplified in the new AUKUS alliance (Australia, United Kingdom and the US). It can be expected that he will further intensify the security cooperation with Japan, Australia and India — all are members of the Quadrilateral Security Dialogue (Quad) and skeptical of China, as they feel threatened by China's rise. Japan is a traditional rival which has built strong partnerships with the Southeast Asian countries and Taiwan; India is concerned about China's string of pearls, i.e., a series of deep-water ports surrounding its territory; and Australia has been sanctioned by the PRC, its biggest trade partner, after uttering criticism on Beijing's handling of the COVID-19 outbreak in Wuhan in early 2020 (The Guardian, 2021).

Naturally, the smaller Southeast Asian countries, notably Malaysia, the Philippines and Vietnam have less influence than great powers on shaping the regional order. Therefore, they will most likely further follow their hedging strategy towards China (Gerstl, 2021b, 2020). Hedging is a mixed policy approach, as it consists of cooperative (bandwagoning) and confrontative (balancing) measures that can be simultaneously applied towards the hedging target (Kuik, 2016). Firstly, hedging allows the Southeast Asian countries to keep their strategic flexibility and autonomy, i.e., to refuse to bandwagon either with the US or China. This is absolutely crucial in a region that is keen on defending national sovereignty and is also wary of interferences into domestic affairs. Secondly, it enables the governments to reap economic benefits from the PRC, while they insure themselves via close security relations with the US against negative effects of China's strategies and behavior. While they can economically gain from the BRI — however, there are risks associated with China's debt-trap policy, the territorial dispute in the South China Sea poses strong security risks to their sovereignty and national security.

The South China Sea is together with Taiwan and the Korean Peninsula one of the hotspots in the Indo-Pacific that can lead to a military conflict, if not a large-scale war between China and the US. China claims about 90 percent of the South China Sea (illustrated in its nine-dash line), builds and militarize artificial islands and rapidly modernizes its navy (Mizokami, 2021). Disputing the legality of the Chinese claims, the US challenges the PRC by regularly conducting so-called Freedom of Navigation Operations (FONOPs), supported by its Western allies, as clearly highlighted in the respective Indo-Pacific strategies. The objective is to uphold freedom of navigation and trade in the South China Sea — which is essential for Asia and the Western world. However, as the Trump era and most recently the US withdrawal from Afghanistan demonstrate, Washington's partners in the Indo-Pacific must remain concerned about America's long-term presence in the region and its commitment to respect mutual defence treaties. Therefore, they must not only hedge against China's rise but also against the at least questionable US security commitments.

While there is a risk that the Sino-US rivalry culminates in a military confrontation with potentially dreadful consequences, there is also ample room for a peaceful settlement of the bilateral disputes. Thereby the regional organization ASEAN should further on play the central role in bringing together all major powers, including other regional organizations, in the Indo-Pacific to promote dialogue, cooperation and trust-building. Preventive diplomacy and mechanisms to enforce binding decisions of the multilateral institutions would be necessary further steps to ensure peace. For this, however, the existing multilateral ASEAN-led forums and the underlying principles of non-interference in domestic affairs and consensual decision-making must be reformed; also the possibility of imposing sanctions against norm-breakers must at least be openly discussed. To maintain stability in the Indo-Pacific will be crucial not only for the region itself but the whole world, as the Indo-Pacific will remain the global economic powerhouse and a driving force for the globalization process — but also a volatile region full of unresolved disputes and great power conflicts.

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