



# Delhi Policy Group

Advancing India's Rise as a Leading Power

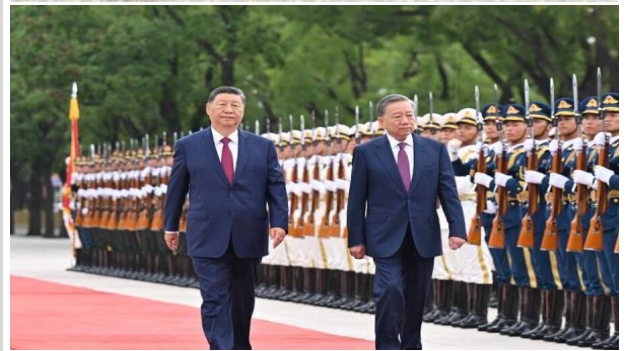


## EAST ASIA EXPLORER DECEMBER 2024

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Volume II, Issue 12



Delhi Policy Group

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## East Asia Explorer

Vol. II, Issue 12

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### ABOUT US

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*The views expressed in this publication are those of the authors and should not be attributed to the Delhi Policy Group as an Institution.*

### Cover Image:

*Indian Prime Minister Narendra Modi and the Foreign Ministers of the ten nations of the ASEAN held a meeting to mark the 30th anniversary of our dialogue relations and the 10th anniversary of our Strategic Partnership with ASEAN on June 17, 2022. Source: [Prime Minister of India](#)*

*President of the People's Republic of China, Xi Jinping, held talks with the General Secretary of the Communist Party of Vietnam Central Committee and State President To Lam, during his state visit to China, in Beijing, on August 19, 2024.*

*Source: [Ministry of Foreign Affairs – The People's Republic of China](#)*

*Indian Minister of Commerce and Industry, Piyush Goyal, participated in the 21st ASEAN-India Economic Ministers' (AEM-India) meeting where they noted the progress in the ASEAN-India Trade in Goods Agreement (AITIGA) in Vientiane, Laos, on September 20, 2024. Source: [X/@PiyushGoyal](#)*

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## Review of the AITIGA and Way Ahead

by

Prabir De

### Introduction

India embarked on the journey of increased cooperation with the ASEAN by initiating the Look East Policy (LEP) in 1992, with a simultaneous push from the liberalisation reforms of the 1990s. The way India's stature in its development cooperation with the ASEAN gained importance is reflected in the quick improvement in position from sectoral partner in 1992 to a dialogue partner in 1996, to a summit level partner in 2002, to a strategic partner in 2012 and a comprehensive strategic partner in 2022.

The ASEAN-India Trade in Goods Agreement (AITIGA) was signed and entered into force on 1 January 2010. The AITIGA was a culmination of a series of efforts by both ASEAN countries and India to ameliorate their ties. After completing a decade of the AITIGA in 2019, ASEAN and India mutually decided to review the agreement through consultations. While attending the 20th ASEAN-India Summit in 2022 at Jakarta, the Indian Prime Minister emphasised the need to complete the ASEAN-India FTA (known as the AITIGA) in a time-bound manner. At the same Summit, the scope of the review was agreed upon. Both parties have decided to make the agreement more user-friendly, simple, and trade-facilitative. A detailed action plan for the review was also finalised and the deadline of 2025 was set for completing the process.<sup>1</sup>

### Motivation for the Review of FTA<sup>2</sup>

ASEAN-India trade took over a decade to double the value of trade. The bilateral trade was US\$ 57 billion in 2010-11, when the FTA came into effect, became US\$ 132 billion in 2022-23 and then to another lowest of US\$ 121 billion in 2023-24. The AITIGA saw tariff liberalization of over 90 per cent of products traded between them and tariffs on over 5,000 product lines eliminated by 2023<sup>3</sup>. While India's exports to ASEAN increased from US\$ 25.63 billion in 2010-11 to US\$ 41.21 billion in 2023-24, its imports increased from US\$ 30.61 billion to US\$ 79.71 billion in the same period. Especially in the case of ASEAN, the trade balance has deteriorated after the implementation of the FTA. With Vietnam,

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<sup>1</sup> Refer, for example, [https://www.mea.gov.in/press-releases.htm?dtl%2F37070%2FPrime\\_Ministers\\_participation\\_in\\_the\\_20th\\_ASEANIndia\\_Summit\\_and\\_the\\_18th\\_East\\_Asia\\_Summit](https://www.mea.gov.in/press-releases.htm?dtl%2F37070%2FPrime_Ministers_participation_in_the_20th_ASEANIndia_Summit_and_the_18th_East_Asia_Summit)

<sup>2</sup> Data quoted here is taken from the Export-Import Databank, DOC, New Delhi

<sup>3</sup> Based on author's own calculation

the surplus in trade balance in 2010 changed to a deficit in 2020, standing at US\$ 1068.6 million. After the implementation of the ASEAN-India FTA, a surplus in trade balance has been recorded with Cambodia, Lao PDR, the Philippines and Myanmar. This also indicates that the ASEAN has gained a trade surplus on the current account, whereas India has witnessed a trade deficit. Increasing asymmetry in the balance of trade for India has raised concerns. Therefore, it is worth reviewing the AITIGA and the corresponding trade linkages.

### **Global headwinds slowed down the ASEAN-India trade**

India's trade increased significantly with the world and so also with ASEAN and the trends show almost similar cycle and movement. The trade of India and ASEAN with the world had faced three major shocks since 2010-11: (i) the collapse in oil prices from 2014 to 2016, (ii) the US-China trade war, and (iii) the COVID-19-induced pandemic. These all primarily triggered the plunge of trade and resulted in slowing down the economic growth in India as well as ASEAN. Both India and ASEAN also witnessed a V-shaped recovery in their respective global trade post-pandemic.

### **Quality of trade picked up with demand**

Trade in non-oil and/or non-mineral better represents the quality of trade integration. India's non-oil and non-mineral export to ASEAN continued to increase. In 2010, the export of non-oil and non-mineral products was US\$ 15.74 billion (accounting for 68.5 per cent of India's total exports to ASEAN), which became US\$ 30.49 billion in 2021 (accounting for 75 per cent of India's total exports to ASEAN). In case of imports, India's total imports of non-oil and non-mineral from ASEAN were valued at US\$ 21.36 billion in 2010, accounting for 72.1 per cent of the total imports from ASEAN, which later increased to US\$ 53.38 billion in 2021, accounting for 82.3 per cent of the total imports from ASEAN. What follows is that non-oil and non-mineral products have dominated India's imports from ASEAN in post-FTA phase, which include textiles, electronic goods, chemicals, and machinery. These products are vital to India's manufacturing and services sectors, and the significant increase in their imports in 2021 suggests the growing demand for these products in India.

### **Shifting trade composition**

India's trade composition with ASEAN has shifted from agricultural raw materials and food to more manufactured goods. The export of manufactured goods has increased from 35.29 per cent in 2010 to 39.53 per cent in 2020, whereas its imports have climbed from 32.12 per cent in 2010 to 38.57 per cent

in 2020. This shift in export composition is driven by transport equipment, chemicals and textiles. Interestingly, imports of transport equipment from ASEAN are increasing at a higher rate than their exports. The exports of other manufactures have increased sharply from 9.40 per cent in 2010 to 12.13 per cent in 2020, while imports have increased at a rate smaller than the exports. The most striking is India's dropping export and import of fuels from ASEAN. In 2020, fuels export and import were strikingly at a similar position. India's export dependence on ASEAN has been lower compared to the rest of the world. The fall in share of imports of minerals, mineral fuels, and oils from ASEAN countries indicates that India has been diversifying its energy sources and reducing its dependence on imports of these products from ASEAN. Declining shares of exports and imports of minerals, mineral fuels and oils in the post-FTA period indicate that trade between ASEAN and India has diversified into non-oil non-mineral sectors, thereby suggesting higher value addition of the real economies, which is one of the primary objectives of the AITIGA.

### **Increasing trade in items in the exclusion list**

The review of the FTA should also involve an assessment of the exclusion list products after a decade, which may have a significant impact on the effectiveness of the FTA in promoting trade. In a total of 12,169 tariff lines between ASEAN and India, around 75 per cent of the tariff lines are governed by the normal track commitments. Among the 1297 tariff lines put under the exclusion list by India, a prominent proportion of the commodities in the agricultural sector are excluded for any reduction or elimination in tariffs. Around 17 per cent of the tariff lines in the exclusion list tend to come from tariff lines in the textile and apparel industry. The share of India's exports to ASEAN in its total exports has only climbed marginally. There has been a considerable change in the number of tariff lines between ASEAN and India post the signing of the FTA. ASEAN countries have varying numbers of products in their exclusion lists, ranging from 150 to 2057. Among the ASEAN countries, Vietnam has the highest number of products in its exclusion list (2057 products), followed by Myanmar (1613 products). With Vietnam, the number of tariff lines in imports has increased from 1306 to 1963. Ideally, items placed in the exclusion list must not see an increase in their imports as they are kept out of the ambit of any tariff reduction/elimination. However, in the case of India's imports from ASEAN, an opposite traction could be seen. In a substantial number of exclusion list items, the import has gone up after the implementation of the AIFTA. Most of the exclusion list items of the machinery category saw a rise in imports from ASEAN, regardless of no tariff reduction offered by India.

## Trade in technology products gained higher share

The factor-wise composition of India's trade with ASEAN countries has also shown a changed scenario. While the exports of primary products have increased between 2010 and 2020, the imports have seen a decline, albeit marginally. Exports and imports of resource-based products trade have also declined. In 2010, before the implementation of the ASEAN-India FTA, the share of exports of resource-based products in India's total exports to ASEAN stood at 43.66 per cent. It reduced drastically to reach 35.56 per cent in 2020. Imports of resource-based products from ASEAN have witnessed a considerable decline in 2020, reaching just above half of its 2010 level. It is clear from the factor-wise composition that although India's trade with ASEAN is driven by resource-based products, the imports are increasing substantially in high technology products. From an import share of 22.27 per cent in 2010, the high technology imports from ASEAN have reached 31.18 per cent. In post-FTA, the shares of medium technology exports and imports have registered an upward trajectory.

## Scope to further expand the trade

India is having a significant amount of untapped export potential with all the member countries of ASEAN in particular Vietnam, Malaysia, Indonesia and Thailand. Products like Aluminium, not alloyed unwrought, diamonds, Jewellery of precious metals are the top three products in terms of export potential. India's exports to ASEAN countries are mainly destined for Singapore, Indonesia, Vietnam, Malaysia, and Thailand, which together account for around 90 per cent of India's total exports to the region.

Despite the increasing trade ties between India and ASEAN, there is still scope for further enhancing India's exports to the region. India can focus on increasing exports of high value-added products, such as pharmaceuticals, chemicals, and textiles, which have a high demand in ASEAN markets. India can also explore new markets in ASEAN, such as Cambodia, Lao PDR, and Myanmar, which have the potential for growth. There has been major demand for electronic equipment, machinery and electricity product categories in ASEAN. India has a diverse range of products that have great potential for export to the ASEAN market. India can leverage its expertise in these sectors to boost its exports to ASEAN countries and strengthen its economic ties with the region. India's export potential to ASEAN markets remains promising, and with the right policies and strategies, India can further boost its exports to the region.

## Trade barriers continue to impede trade

Although tariffs on trade have significantly come down over the decades, there are a host of barriers which have emerged and are acting as market access impediments for countries, of which non-tariff measures (NTMs) are the major constraints. An increase in NTMs could raise trade costs, inhibiting trade expansion. India's simple average MFN tariff has come down drastically from 84 per cent in 1990 to 15.5 per cent in 2019. Similarly, in ASEAN countries like Malaysia, tariffs have reduced from 17 per cent in 1991 to 5.7 per cent in 2016. However, there has been a rise in tariffs in 2019 for several ASEAN countries as well as India. NTMs are on the rise in all 10 ASEAN countries. In the last 3 years, the number of NTMs in ASEAN increased by about 15 per cent. Streamlining NTMs through harmonisation of standards and regulations and mutual recognition of conformity assessment and reduction of border procedures is important for facilitating preferential market access between ASEAN and India. Making equivalence of standards between ASEAN and India is the way forward. ASEAN and India should identify the potential products that are of interest and should build cooperation to work in areas where there are difficulties in recognising or validating certificates of testing and inspections and strengthening the use of international standards, mandatory documentation of equivalence procedure and adopting Codex consignment rejection guidelines, standards in English language and agreement on self-certification. Indian accreditation authorities should enter into mutual recognition agreements (MRAs) with similar agencies in ASEAN countries. Only then any regional trade agreements can promote trade and investment activities.

### Current status of the review<sup>4</sup>

The 6th AITIGA Joint Committee and related meetings for discussions on the review of the AITIGA were held from 15-22 November 2024 in New Delhi. The AITIGA Joint Committee met on 21-22 November 2024 and the meeting was co-chaired by the Additional Secretary, Department of Commerce, India, and Deputy Secretary General (Trade), Ministry of Investment, Trade & Industry, Malaysia.

There are eight Sub-Committees under the AITIGA Joint Committee to negotiate aspects related to market access, rules of origin, SPS measures, standards and technical regulations, customs procedures, economic and technical cooperation, trade remedies, and legal and institutional provisions.

<sup>4</sup> Based on

<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2076227#:~:text=The%20bilateral%20trade%20in%202023,February%202025%20in%20Jakarta%2C%20Indonesia>



All the eight Sub-Committees met during this round of negotiations. Among these, five Sub-Committees managed to meet physically on the sidelines of the 6th AITIGA Joint Committee meeting.

The 6th round of AITIGA review negotiations was preceded by two high-level meetings, namely, the 21st ASEAN-India Economic Ministers Meeting in September 2024 and the 21st ASEAN-India Summit in October 2024, both held in Vientiane, Lao PDR. The Economic Ministers and Prime Ministers/Leaders during both these meetings urged the AITIGA Joint Committee to expedite negotiations and work towards the conclusion of the review in 2025. During this round of discussions, the Sub-Committees have made good progress in textual discussions and some ground has also been covered towards initiating tariff negotiations. The next meeting of the AITIGA Joint Committee is scheduled for February 2025 in Jakarta.

### Concluding remarks

So far, trade gains are mixed. The way forward is to renegotiate the AITIGA, making it more trade-friendly. While renegotiating the agreement, India's interests should be to gain higher market access in ASEAN and the rest of the world in those products that offer the GVC linkages, both forward and backward linkages, and the products gaining comparative advantages. Both ASEAN and India may like to promote quality trade and resilient production networks and supply chains. Concluding the negotiation of the AITIGA review may take time but ASEAN and India may intensify their efforts to achieve a substantial conclusion even before the deadline of 2025. The ASEAN chairmanship is now with Malaysia, which provides another opportunity to conclude a substantial part of the AITIGA review before the 22nd ASEAN-India Summit to be held in October 2025 in Kuala Lumpur. Today, global uncertainties are looming large. The growing differences between countries across the world over trade and investment are undermining global growth and trust. The time today is an opportunity to finalise the review of AITIGA, leading to further intensification of the comprehensive strategic partnership between India and ASEAN, the two important pillars of Indo-Pacific.

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## India's Engagement with Southeast Asia through ASEAN

by

Jayantika Rao T.V.

As the decade of the "Act East" policy comes to a close, the relationship between India and the Association of Southeast Asian Nations (ASEAN) has attained significant advancements in 2024. The Act East Policy (AEP), which succeeded the 'Look East Policy', has revitalised India's engagement with the eastern region by providing it with new energy, direction, and momentum. Central to this policy is the pivotal role of ASEAN. Indian Prime Minister Narendra Modi has articulated, "ASEAN's central role is synced to India's Act East Policy"<sup>5</sup>, a statement he has reiterated consistently during various engagements between ASEAN and India.

Moreover, a crucial aspect of India's AEP is the strategic alignment between India and ASEAN regarding their political imagination of the Indo-Pacific. During the 20<sup>th</sup> ASEAN-India Summit, Prime Minister Modi reaffirmed the importance of "ASEAN centrality in the Indo-Pacific" drawing attention to the synergies between India's Indo-Pacific Ocean's Initiative (IPOI) and ASEAN's Outlook on the Indo-Pacific (AOIP)<sup>6</sup>. These remarks underscore India's conviction that a cohesive, responsive, and prosperous ASEAN is essential to fulfilling India's Indo-Pacific Vision and advancing Security and Growth for All in the Region (SAGAR). This shared vision has resulted in the establishment of a Comprehensive Strategic Partnership between India and ASEAN, as well as an increase in bilateral visits and collaborations between India and individual ASEAN member states, signifying a profound deepening of ties with the region.

India has consistently highlighted the significance of its engagement with Southeast Asia since the introduction of its 'Look East Policy' (LEP) in the early 1990s. The LEP was developed as a response to the shifting dynamics within the international framework that followed the conclusion of the Cold War. India-ASEAN relations have progressively advanced from a sectoral dialogue partner status in 1992, to a full dialogue partner in 1996, and subsequently to a summit-level partnership by 2002. The primary objective of the LEP was to

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<sup>5</sup> "English Translation of Opening Remarks by Prime Minister Shri Narendra Modi at 21st ASEAN-India Summit in Vientiane, Lao PDR". PIB India, October 10, 2024.

<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2063935>

<sup>6</sup> "Prime Minister's participation in the 20th ASEAN-India Summit and the 18th East Asia Summit". Ministry of External Affairs - Government of India, September 7, 2023.

[https://www.mea.gov.in/press-releases.htm?dtl%2F37070%2FPrime\\_Ministers\\_participation\\_in\\_the\\_20th\\_ASEANIndia\\_Summit\\_and\\_the\\_18th\\_East\\_Asia\\_Summit](https://www.mea.gov.in/press-releases.htm?dtl%2F37070%2FPrime_Ministers_participation_in_the_20th_ASEANIndia_Summit_and_the_18th_East_Asia_Summit)

realign India's foreign policy toward its eastern neighbours, particularly those in Southeast Asia. This policy sought to complement India's long-standing historical, cultural, and ideological ties with the region by promoting tangible cooperation in areas of economic interdependence, political collaboration, and security matters.

India's Look East Asia Policy has enhanced and strengthened its collaborations with ASEAN both multilaterally and bilaterally. During an era of expansion for ASEAN, which included the addition of countries like Cambodia, Myanmar, Laos, and Vietnam, India was able to build closer ties with these nations through the ASEAN mechanisms. As Prime Minister Atal Bihari Vajpayee pointed in 2001, "the admission of new countries brought ASEAN literally to India's doors"<sup>7</sup>. Vietnam's entry into ASEAN in 1995 transformed India's long-standing relationship with the country from one marked by mistrust into a source of strength, helping to bridge the gap between India and ASEAN. Additionally, Myanmar's membership in ASEAN in 1997 established a contiguous land border between India and the regional bloc. Despite these successes, India faced frequent allegations that its rhetoric was not aligned with its actions in the east. Many observers believed that New Delhi showed little enthusiasm for expanding its presence beyond diplomatic and potential commercial engagements.<sup>8</sup> This led to questions regarding India's commitment to the region and its motivation to advance strategic interests in response to a changing security environment.

More than two decades after its inception, the 'Look East Policy' was reformed and elevated to the 'Act East Policy' (AEP) in 2014. As the name implies, the AEP was designed to foster an action-oriented partnership rather than merely a narrative one. Former Indian External Affairs Minister Sushma Swaraj articulated this necessity, stating, "Look East is no longer adequate; now we need Act East."<sup>9</sup> This evolution is evidenced by India's deepening engagement with ASEAN. A primary achievement of the AEP has been the significant enhancement of India's diplomatic and geostrategic outreach. The upgradation of India's relations with Indonesia (2018), ASEAN (2022), Singapore (2024), Vietnam (2024), and Malaysia (2024) is regarded as a celebration of AEP's success. Furthermore, the finalisation of defence agreements between India and Southeast Asian countries, notably the US\$

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<sup>7</sup> Bajpae, Chietigj. "Reinvigorating India's 'Act East' Policy in an age of renewed power politics." *The Pacific Review* 36, no. 3 (2023): 631-661.

<sup>8</sup> Ibid

<sup>9</sup> "Sushma Swaraj tells Indian envoys to Act East and not just Look East". *Economic Times*, August 26, 2014. <https://economictimes.indiatimes.com/news/politics-and-nation/sushma-swaraj-tells-indian-envoys-to-act-east-and-not-just-look-east/articleshow/40907671.cms?from=mdr>

374.9 million BrahMos deal<sup>10</sup> with the Philippines in 2022 and its delivery underscores India's developing defence engagement in the region.

Over the past decade, the annual ASEAN-India Summit have served as a crucial platform for ASEAN member states and their dialogue partners to engage in discussions regarding various areas of cooperation. These areas encompass connectivity, digital transformation, trade, economic engagement, counterterrorism collaboration, and advancements in technologies including Artificial Intelligence (AI), Blockchain Technology, the Internet of Things (IoT), and Robotics. Furthermore, the summits have served as a critical avenue for India to enhance its strategic engagement with the region.

During the 21st ASEAN-India Summit, which took place on October 10, 2024, Prime Minister Modi presented a ten-point plan aimed at strengthening engagement. This plan comprises initiatives such as the ASEAN-India Cyber Policy Dialogue, the declaration of the ASEAN-India Year of Tourism: 2025, and the establishment of the ASEAN-India Women Scientists Conclave under the ASEAN-India Science framework. Additionally, it includes a review of the ASEAN-India Trade in Goods Agreement scheduled for completion by 2025, as well as a workshop focused on Green Hydrogen, among other initiatives.

Since the inception of AEP, the discussions during the ASEAN-India summits have resulted in tangible actions. For instance, during the 20<sup>th</sup> ASEAN Summit in Jakarta in 2023, Prime Minister Modi introduced India's digital public infrastructure (DPI), which subsequently led to the issuance of the "ASEAN-India Joint Statement on Advancing Digital Transformation" at the 21st ASEAN-India Summit.<sup>11</sup> The ASEAN-India Summits have consistently sought to fortify the ASEAN-India Comprehensive Strategic Partnership while outlining future development pathways. These endeavours have been largely successful in fostering convergence between the two regions.

An important area of convergence arising from the various ASEAN and India summits is the 'Declaration on the Code of Conduct of Parties in the South China Sea', which is in accordance with the United Nations Convention on the Law of the Sea (UNCLOS). This marks a significant shift from a few years ago,

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<sup>10</sup> "Brief on India-Philippines Bilateral Relations". Ministry of External Affairs - Government of India. [https://www.mea.gov.in/Portal/ForeignRelation/India-Philippines\\_October\\_23.pdf](https://www.mea.gov.in/Portal/ForeignRelation/India-Philippines_October_23.pdf)

<sup>11</sup> "India-ASEAN Cooperation: Pilot Study on Digital Public Infrastructure Collaboration". Economic Research Institute for ASEAN and East Asia, October 14, 2024. <https://www.eria.org/research/india-asean-cooperation--pilot-study-on-digital-public-infrastructure-collaboration>

as recent joint statements explicitly emphasise the alignment between India and ASEAN regarding the code of conduct in the South China Sea.

The joint statement issued on October 10, titled “Strengthening ASEAN-India Comprehensive Strategic Partnership for Peace, Stability, and Prosperity in the Region in the Context of the ASEAN Outlook on the Indo-Pacific (AOIP) with the Support of India’s Act East Policy (AEP),” underscores the alignment between India and ASEAN on several critical matters. These matters encompass maritime cooperation, maritime security, efforts to combat piracy and armed robbery against vessels, maritime safety, search and rescue (SAR) operations, and information sharing through appropriate mechanisms established within the ASEAN-India framework and other ASEAN-led initiatives. Furthermore, the statement emphasises the significance of enhancing collaboration within the defence industry, which is anticipated to be facilitated through joint military exercises, maritime operations, and port visits by naval vessels.

In addition to participating in the ASEAN–India Summit Meeting, India is actively engaged in numerous ASEAN-led dialogue mechanisms. These mechanisms include the Post-Ministerial Conference with India (PMC+1), the East Asia Summit, the ASEAN Regional Forum (ARF), the ADMM Plus, and the Expanded ASEAN Maritime Forum (EAMF). India also held the position of Co-Chair for the ADMM Plus Experts’ Working Group on Humanitarian Assistance and Disaster Relief (HADR) for the 2021–2024 cycle. Moreover, India collaborates with ASEAN in addressing terrorism through initiatives such as the ASEAN Plan of Action in Combating Transnational Crime (2016–2025) and the Bali Work Plan (2019–2025).<sup>12</sup> Additionally, there exist second-track institutions, including the Council for Security Cooperation in the Asia Pacific (CSCAP), which further facilitate this collaboration.

### Untapped Potential in Engaging ASEAN

The journey of India–ASEAN relations has experienced both highs and lows but has ultimately proven to be a beneficial partnership. Nonetheless, despite positive developments over the last decade and periodic bursts of engagement, ASEAN-India relations have lacked consistency in practical implementation on the ground. In contrast to the proactive engagement and ambitious initiatives from ASEAN’s other regional partners, such as Japan, China, and South Korea, India’s commitment to the region has been inconsistent. For many in Southeast Asia, India’s global presence is not yet strongly felt, despite Prime

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<sup>12</sup> [“ASEAN Plan of Action in Combating Transnational Crime \(2016-2025\)”](#), Adopted by 11th ASEAN Ministerial Meeting on Transnational Crime (AMMTC), 20 September 2017

Minister Modi's emphasis on making ASEAN a central pillar of the Act East Policy (AEP).

According to the latest "State of Southeast Asia"<sup>13</sup> 2024 Survey Report, India ranks near the bottom in terms of economic and political-strategic influence among ASEAN's dialogue partners. Despite its proximity and ongoing engagements with Southeast Asia, India is perceived as the least strategically relevant country to ASEAN, with a score of 5.04. In comparison, China ranked as the most relevant partner, with a mean score of 8.98. Furthermore, during national surveys assessing which country is viewed as the most influential economic power, India's ratings have dropped in many countries. Compared to ASEAN's other partners, India is still regarded as a relatively peripheral player.

## Conclusion

The Southeast region, situated at the strategic crossroads of the Indian and Pacific Oceans, inherently operates within a multipolar context, where multiple powers compete for influence. In this environment, regional multilateral architectures, such as ASEAN and ASEAN-initiated forums, facilitate the engagement of external powers with the region through established institutional frameworks.

India's transformation of the 'Look East Policy' into the 'Act East Policy' has enabled the country to actively participate in regional institutions and achieve its strategic objectives. The outlook for India-ASEAN relations is highly favourable. Over the past few decades, both parties have made significant progress in establishing robust linkages, while the potential for further development remains substantial. In the preceding decade, numerous summits involving both leadership and higher-level interactions have resulted in noteworthy advancements. Nevertheless, there exists a need for deeper engagement that fosters tangible changes in perception at the grassroots level.

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<sup>13</sup> "The State of Southeast Asia: 2024 Survey Report". ISEAS, 2024.

<https://www.iseas.edu.sg/wp-content/uploads/2024/03/The-State-of-SEA-2024.pdf>

## Vietnam's Balancing Act: Cooperation and Confrontation with China in the South China Sea

by

Divya Rai

### Introduction

In October 2024, tensions escalated between Vietnam and China following a violent incident involving Vietnamese fishermen near the disputed Paracel Islands. According to reports, 10 Vietnamese fishermen were severely injured in an attack by approximately 40 individuals armed with metal rods, believed to be from two Chinese vessels identified as Sansha Zhifa 101 and Sansha Zhifa 301. Vietnam's Ministry of Foreign Affairs condemned the attack, stating that it represented a serious violation of Vietnam's sovereignty in the Paracel Islands and international law.<sup>14</sup> This incident occurred before Vietnamese Prime Minister Pham Minh Chinh was set to hold talks with Chinese Premier Li Qiang in Hanoi.<sup>15</sup> It also followed the visit of Vietnam's Party General Secretary and President To Lam, who had concluded his trip to China from August 18-20, 2024.<sup>16</sup>

Despite the confrontations at sea, Vietnam maintains a close political relationship with China, characterised by frequent high-level visits and discussions aimed at managing bilateral ties. This relationship between Vietnam and China has exhibited a common pattern of oscillating between constructive bilateral talks and sporadic tensions. For instance, prior to Lam's visit, Xi Jinping visited Hanoi in December 2023, and a Vietnamese fishing boat was involved in a confrontation with Chinese maritime law enforcement ships near the disputed Paracel Islands in September 2023. The pattern of diplomatic exchanges alongside maritime confrontations underscores the complexities of Vietnam-China relations.

### Rival Claims of Vietnam and China in the South China Sea

In recent years, the South China Sea (SCS), has witnessed a new wave of events and disputes that have heightened tensions in bilateral relations between

<sup>14</sup> AP News. "Vietnam Condemns China for Assault on Its Fishermen in the Disputed South China Sea", October 4, 2024. <https://apnews.com/article/china-vietnam-paracel-south-china-sea-d86889dd2fda73499602951ef3056d32>.

<sup>15</sup> The State council- the People's Republic of China. "China ready to strengthen alignment of development strategies with Vietnam -- Chinese premier", October 13, 2024. [https://english.www.gov.cn/news/202410/13/content\\_WS670bc483c6d0868f4e8ebcf1.html](https://english.www.gov.cn/news/202410/13/content_WS670bc483c6d0868f4e8ebcf1.html).

<sup>16</sup> Government News- Socialist Republic of Vietnam. "General Secretary, President To Lam to pay State visit to China, August 15, 2024. <https://en.baochinhphu.vn/general-secretary-president-to-lam-to-pay-state-visit-to-china-111240815153341852.htm>.

Vietnam and China. The primary areas of contention are the Paracel Islands (Hoàng Sa) and the Spratly Islands (Trường Sa), both of which are claimed by Vietnam but are largely controlled by China. From Vietnam's perspective, the waters beyond its extensive coastline are both strategically and economically vital. However, China's extensive claims marked by the 'nine-dash line' encroach upon approximately 70% of the Exclusive Economic Zones (EEZs) that Vietnam claims under the United Nations Convention on the Law of the Sea (UNCLOS).

Vietnam has a long-standing historical claim to both the Paracel and Spratly Islands. Since the 18th century, the Vietnamese state authority has exercised state sovereignty over these two groups of islands. Even during the protectorate and colonial period, France, acting in the name of Vietnam, exercised effective sovereignty over the two archipelagos through a series of administrative actions.<sup>17</sup>

China began asserting its control over the Paracel Islands after taking them over from South Vietnam during a military confrontation on January 19, 1974.<sup>18</sup> After the fall of Saigon in April 1975 and the reunification of North and South Vietnam under communist rule, Vietnam declared authority over all territories previously held by South Vietnam. This included a renewed commitment to defending offshore territories, which became both a strategic necessity and a political imperative for Vietnam.<sup>19</sup>

The 1988 clash at the Johnson South Reef, located near the Spratly Islands, which were occupied by the Vietnamese forces, significantly impacted bilateral relations. This violent confrontation involved Chinese naval forces sinking two Vietnamese ships, resulting in the deaths of 64 Vietnamese sailors. The 1988 incident has become a symbol of Vietnam's struggle against Chinese expansionism in the South China Sea.

In subsequent years, due to limited naval capabilities, Vietnam began utilising historical evidence, legal principles, and a wide range of recent ICJ judgements to defend their claims and counter China. On the same lines, in June 2012, in a bid to affirm its claims, Vietnam's National Assembly passed the Law of the Sea of Vietnam, which reiterated Vietnam's sovereignty over the Paracels and

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<sup>17</sup> CNA Occasional Paper- Raul (Pete) Pedrozo, "China versus Vietnam: An Analysis of the Competing Claims in the South China Sea", [https://www.cna.org/archive/CNA\\_Files/pdf/iop-2014-u-008433.pdf](https://www.cna.org/archive/CNA_Files/pdf/iop-2014-u-008433.pdf).

<sup>18</sup> The Vietnamese Magazine. "January 19, 1974: The Paracels Maritime Battle", January 18, 2022. <https://www.thevietnamese.org/2022/01/january-19-1974-the-paracels-maritime-battle/>

<sup>19</sup> Ibid



Spratlys and its maritime rights given by UNCLOS 1982.<sup>20</sup> The reading of Vietnam's legal framework indicates that the Law of the Sea in Vietnam is fundamentally a codification of the United Nations Convention on the Law of the Sea (UNCLOS) 1982 into its national legislation. This alignment reflects Vietnam's determination to safeguard its maritime rights amidst China's assertive actions in the SCS.<sup>21</sup> However, Vietnam has not clearly defined whether any of the features in the Paracels or Spratlys, particularly those under its control, qualify as fully entitled islands according to Article 121 of UNCLOS.<sup>22</sup>

In recent years, as China has intensified its activities to consolidate sovereignty claims over the Paracels and Spratlys, these activities have exacerbated tensions between the two nations, leading to increased propaganda and rhetoric surrounding their respective claims.

### Cooperation and Confrontation

The case of Vietnam illustrates a compelling example of how a middle power responds and adapts to changes in its foreign and security posture amid shifts in the regional power dynamics. For Vietnam, the SCS poses the most significant security challenge in the post-Cold War era. The core issue for Vietnam in this context extends beyond merely settling and managing sovereignty and maritime disputes; it also involves navigating its relationship with China, perceived as a potential revisionist state.

Classical realist Thucydides viewed the world as a harsh environment where "the strong do what they can and the weak suffer what they must". In this context, Vietnam's approach to its relationship with China is particularly noteworthy. Though being critical of the unilateral and heavy-handed approach in China's SCS policy, Hanoi has shown no sense of urgency in changing its China policy. The Vietnamese leaders repeatedly restated the twin objectives: to defend its sovereignty and legitimate maritime interests and to keep peace and preserve friendship with China. These bilateral engagements have yielded tangible results, such as the signing of the land border agreement in 1999<sup>23</sup> and the Gulf of Tonkin delimitation agreement in 2000<sup>24</sup>. For

<sup>20</sup> Law on Vietnamese sea, No. 18/2012/QH13 dated June 21, 2012 of the National Assembly on Vietnamese sea, <https://english.luatvietnam.vn/law-no-18-2012-gh13-dated-june-21-2012-of-the-national-assembly-on-vietnamese-sea-71746-doc1.html>

<sup>21</sup> Ibid

<sup>22</sup> See Article 121 of UNCLOS.

[https://www.un.org/depts/los/convention\\_agreements/texts/unclos/part8.htm](https://www.un.org/depts/los/convention_agreements/texts/unclos/part8.htm)

<sup>23</sup> Embassy of the Socialist Republic of Vietnam in the United States. "On the settlement of Vietnam-China border issue". September 16, 2002. <https://vietnamembassy-usa.org/news/2002/09/settlement-vietnam-china-border-issue>.

<sup>24</sup> Asia Maritime Transparency Initiative. "The Other Gulf of Tonkin Incident: China's Forgotten Maritime Compromise", October 21, 2015. <https://amti.csis.org/the-other-gulf-of-tonkin-incident-chinas-forgotten-maritime-compromise/>.

enhancing bilateral relations and a channel for regularised bilateral dialogue on management and resolution of existing disputes, both countries established a comprehensive strategic partnership in 2008<sup>25</sup>. But these efforts have done little to alter China's aggressive manoeuvres in the South China Sea (SCS).

### More Friends, Fewer Enemies

The major challenge for Vietnam was China's large-scale land reclamations and militarisation in the disputed islands. Especially, Chinese maritime ambition in the development of the Yulin base, an airfield on Woody Island (part of the Paracels), and the reinforcement of facilities at Fiery Cross Reef in the Spratlys raised serious concerns.<sup>26</sup> Consequently, Vietnam recognised that relying solely on unilateral self-restraint and bilateral cooperation was insufficient to effectively address the core challenges related to the SCS. This triggered Vietnam to diversify its approach to regional security, and it started advocating for strategic autonomy, i.e., strengthening bilateral ties with China while simultaneously enhancing cooperation with other powers. Later, Vietnam adopted a policy of multilateralisation and diversification of foreign relations.

#### i) Multilateralisation

The Association of Southeast Asian Nations (ASEAN) gained importance in Vietnam's foreign policy. Plugging itself into the ASEAN circuit, Vietnam hoped to borrow the strength of ASEAN to increase its bargaining position vis-à-vis China. To a certain extent, membership in ASEAN did provide Vietnam with several advantages in addressing these challenges. A significant example was the signing of the 'Declaration on the Conduct of Parties in the SCS' (DOC) in November 2002.<sup>27</sup>

However, while some countries of ASEAN are more willing to confront Chinese actions, others prioritise balancing relations, leading to a fragmented approach that undermines collective efficacy. This was clearly seen in the case of the exclusion of the Paracels into the geographical scope of the code, despite a push from Vietnam and the Philippines, highlighting that the DOC was clearly a product of compromise.

<sup>25</sup> Ministry of Foreign Affairs, the People's Republic of China. "China-Viet Nam Joint Statement". October 25, 2008.

[https://www.fmprc.gov.cn/nanhai/eng/zcfg\\_1/200810/t20081031\\_8523664.htm](https://www.fmprc.gov.cn/nanhai/eng/zcfg_1/200810/t20081031_8523664.htm).

<sup>26</sup> Prasun K. Sengupta. "China Is Aggressively Building on the Reefs and Shoals in South China Sea," February 3, 2018. <https://forceindia.net/cover-story/offshore-activities/>

<sup>27</sup> ASEAN – "Declaration on The Conduct of Parties In The South China Sea", May 14, 2012. <https://asean.org/declaration-on-the-conduct-of-parties-in-the-south-china-sea-2/>

## ii) Diversification of Foreign Relations

Realising that its ASEAN card was rather weak in the face of China's growing political and economic clout, Vietnam began remodelling its foreign policy approach, often referred to as "bamboo diplomacy" or "more friends, fewer enemies," which embodies flexibility, resilience, and independence. While maintaining the core of its long-standing strategic narrative, it began strategically enhancing its relationship with the US. Since it saw the US as a critical security actor, a better relationship with Washington was established to keep a rising China in check. In addition to the US, Vietnam engaged extensively with Russia, Japan, and India to diversify diplomatic engagements and reduce reliance on any single power.

Vietnam has also actively worked to include major powers like the US, India, and Russia in regional frameworks such as the East Asia Summit (EAS) and the ASEAN Defense Ministers' Meeting Plus (ADMM-Plus). Through these partnerships, Vietnam aims to create a multilateral environment that effectively addresses security concerns related to China's maritime ambitions. Despite these proactive efforts, Vietnam continues to face challenges in the SCS.

### Current Dynamics

Vietnam's approach to its relationship with China is encapsulated in the phrase "cooperation and struggle" (*vừa hợp tác vừa đấu tranh*).<sup>28</sup> Despite some progress in negotiations with other regional countries over maritime disputes, Vietnam has struggled to achieve similar success with China. Even the signing of the agreement on basic principles guiding settlement of maritime issues with China in 2011<sup>29</sup> did little to reduce the tensions in the SCS. In fact, since 2000, Chinese attacks on Vietnamese fishermen have appeared more frequently in the Vietnamese media. While Vietnam has responded by issuing protests in a way that is least detrimental to its bilateral relations.

Not only this, but Vietnam's sea development activities were also met with punitive reactions. After the KANTAN-03 incursion in the 1990s, an incident occurred in May 2014 when Beijing suddenly installed the giant oil rig Haiyang Shiyu 981 (HYSY 981) near the Paracels, just 120 nautical miles from the

<sup>28</sup> Embassy of the Socialist Republic of Vietnam in Angola. "What is Vietnam's Strategic Narrative?" n.d. <https://vnembassy-luanda.mofa.gov.vn/en-us/News/EmbassyNews/Pages/What-is-Vietnam%E2%80%99s-Strategic-Narrative.aspx>.

<sup>29</sup> Embassy of the Socialist Republic of Vietnam in the United States. "VN-China basic principles on settlement of sea issues". October 14, 2011. <https://vietnamembassy-usa.org/news/2011/10/vn-china-basic-principles-settlement-sea-issues>.

Vietnamese shore.<sup>30</sup> Though angered at China's oil rig intrusion, Hanoi always kept the bilateral door open with Beijing. Surprisingly, the timing of this incident was particularly striking, as it followed Chinese Prime Minister Li Keqiang's visit to Hanoi in November 2013 and shortly after President Obama's tour of four Asian countries in late April 2014.

## Conclusion

Tensions between Vietnam and China were somehow relieved, perhaps because China turned its spearhead towards the Philippines after Manila brought China's 'nine-dash line' claims and its unlawful actions to international arbitration in 2013. On the surface, these relations between Vietnam and China are characterised by periods of cooperation and juxtaposed with episodes of conflict and disagreement, particularly over maritime issues in the SCS. The incident in the Vanguard Bank, represented the worst Vietnam-China tensions came to in the SCS since the Haiyang Shiyou 981 oil rig standoff in May 2014. However, Vietnam has rarely attempted to go to all lengths to address its power asymmetry with China. Instead, Vietnam accepted China's supremacy and placed all its cards on diplomacy to make peace with China.

Vietnam recognised the need for a strategy, which included military buildups, making optimal use of its ASEAN membership, and increased engagement with external stakeholders. The evolving geopolitical landscape has compelled Vietnam to increase its military contacts with the United States, prompting Beijing to reconsider its assertive posture in the SCS. This watershed shift was to keep Vietnam at its arm's length. To put simply, the recent tensions in the SCS are in no way just tempest in a teapot. Noticeably, the policy of bandwagoning in the form of unilateral self-restraint and bilateral engagements was inadequate to address the fundamental problem in the SCS, or to be precise, the China problem. The coming years will reveal whether Vietnam's "Bamboo Diplomacy" can withstand China's protracted aggressive behaviour in the SCS and reshape Hanoi's global standing and influence.

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<sup>30</sup> VnExpress International. "Vietnam displays fishing vessel sunk by Chinese in Paracel", May 30, 2019. <https://e.vnexpress.net/news/news/vietnam-displays-fishing-vessel-sunk-by-chinese-in-paracel-3930897.html>.

## Indian Perspectives on the Southeast Asia

by  
Biren Nanda

### ASEAN

The new Asian Geopolitics is markedly different from that which existed during the cold war. Then during the fight against communism the US extended its security umbrella and allowed ASEAN members to focus on economic growth and domestic stability. Now China has displaced Japan as Asia's largest economy and China's GDP is 5 times that of ASEAN. ASEAN's capacity to offer a combined response to this new geopolitics is under challenge. Membership expansion from the original five states has made reconciling national positions difficult.

Southeast Asian countries which have been heavily dependent on China for infrastructure and other development needs – Cambodia and Laos – are likely to become even more leveraged to Chinese influence over time. Even the larger Southeast Asian countries have been significant recipients of Chinese medical aid<sup>31</sup> and loans for infrastructure development. These countries may appear to be pushing back against Chinese assertions but their actions always remain within bounds of managing their relationship with their most powerful neighbor. Chinese BRI loans, given on usurious terms for projects that are not bankable, are leading some countries in Asia into a debt trap.

Southeast Asian countries do not want to be in a position of having to choose between China, their major trading partner and the United States which has been their major security partner in the region. Singapore Prime Minister Lee Hsein Loong in an article published in the Foreign Affairs issue of June 2020, writes that despite China's growing military strength, it would be unable to assume the United States' security role in Asia. Lee added that Asia Pacific Countries do not wish to be forced to choose between the United States and China and that they wanted to cultivate good relations with both. Countries like Singapore and Vietnam are trying to strike a delicate balance between the US and China by trying to tip toe around the US-China rivalry which is really about who will become the dominant power in Asia.

Vietnam, ASEAN's 2020 Chair, tried and failed to forge a consensus approach in dealing with a more assertive post COVID China. It would appear that

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<sup>31</sup> Tamara Esther N S ( 2020. August 31 ) US, China Virus Aid: Who Gives More To SEA? ASEAN POST. <https://theaseanpost.com/article/us-china-virus-aid-who-gives-more-sea>

Vietnam and some maritime members of ASEAN wish to push a collective approach against China's territorial assertions. However, mainland ASEAN countries fear the punitive economic costs China may impose as a consequence of the pursuit of this approach. As a result some ASEAN members like Vietnam are now seeking to advance their strategic autonomy by enhancing cooperation with middle powers in the Indo-Pacific<sup>32</sup>. Vietnam is also engaged in an endeavor to balance its relationships with the United States and China.

Indonesia remains determined to continue and strengthen ASEAN's relevance in responding to regional and global challenges, as well as in strengthening ASEAN's position as the focal point for regional economic growth. However, under the leadership of the newly elected President of Indonesia-Pabowo Subianto - Indonesia has shown a new willingness to acknowledge the China's claim to what it calls the North Natuna Sea. To make matters more obscure, the China-Indonesia Joint Statement does not refer to UNCLOS, but only to "prevailing laws and regulations." It is not clear whether this apparent change in Indonesia's stand marks a carefully crafted concession to China camouflaged in ambiguity, in return for which Indonesia will receive Chinese financial support which Prabowo deems essential for Indonesia's economic growth.

The India- ASEAN Dialogue Partnership has progressed steadily over the years and promises more equitable outcomes for India and ASEAN in the future. Significant achievements of the Partnership include closer political and security cooperation particularly through dialogue within the ASEAN centric regional architecture, cooperation in maritime security, counter-terrorism, HADR; trade liberalisation through the ASEAN-India FTA in goods and services, cooperation in the area of human resource development and through steadily growing people to people links and connectivity.

ASEAN's consensual approach leaves it ill equipped to lead in the task of forging a regional strategy. The ASEAN therefore requires reform and renewal to enable it to serve as the third pole in the new geopolitics of Southeast Asia. Reform alone can give ASEAN the capacity and authority to mitigate the consequences of the strategic contest between China and the US. Failure to do so would mean surrendering the future of the region to the geopolitical interests of extra-

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<sup>32</sup> Ambassador Chau Phan Sahn (2019. November 4) Vietnam plans a major outreach in India: Ambassador Chau. The Tribune.  
<https://www.tribuneindia.com/news/archive/nation/vietnam-plans-a-major-outreach-in-india-ambassador-chau-856258>

regional powers.

The tensions between the United States and China threaten global value chains and have the potential for disruption as some supply chains are moved out of China. The disruption in value chains will inevitably undermine the prosperity of regional countries. With the outbreak of the Covid-19 pandemic, supply chain resilience emerged as a policy priority of all countries. The issue of supply chains has also raised the profile of emerging economies that offer possible alternatives to China as production platforms for multinational firms. All major emerging economies are attempting to take advantage of this new focus on supply chain resilience, while (to varying degrees) balancing the economic security risks posed by China's rise. The challenge is to craft trade, investment, and technology policies in ways that promote mutual economic security and enhance international economic "rules and norms".

## Vietnam

How can Vietnam secure itself against China's aggressive assertions<sup>33</sup>? One view is that Vietnam needs a security assurance from the United States to be safe from Chinese aggression. The contrarian view is that as a small power, relative to China, it is not inevitable that Vietnam will always balance against China. Vietnam can strive to remain on good terms with China and only when it can't manage its differences with China will it have to search for external support and resort to balancing against China. This is probably why Vietnam took so long to upgrade its relations with the United States to a strategic partnership. There is likely to be uncertainty about the degree of support the United States would offer Vietnam under a strategic partnership, but there is a near certainty that China would punish Vietnam if it would upgrade its ties with the United States.

Maritime disputes in the South China Sea have emerged as the major irritant in bilateral relations because of the salience of conflicting claims to sovereignty. Vietnam's leaders have attempted to prevent maritime boundary disputes from spilling over and impacting negatively on Vietnam's comprehensive strategic cooperative partnership with China<sup>34</sup>. At the same time, Vietnam has attempted to manage its maritime disputes with China through government-

<sup>33</sup> Vu Khang ( December 16, 2022) How Vietnam can Balance Against China on Land and at Sea. The Diplomat.

<https://thediplomat.com/2022/12/how-vietnam-can-balance-against-china-on-land-and-at-sea/>

<sup>34</sup> Neilsen John (October 18, 2022) Can Vietnam Weather the coming Era of Great Power Competition? The Diplomat.

<https://thediplomat.com/2022/10/can-vietnam-weather-the-coming-era-of-great-power-competition/>

to-government negotiations and in times of crisis through party-to party channels.

## Philippines

Under former President President Benigno Aquino III, the Philippines had been the Southeast Asian claimant to the Spratlys most willing to challenge China through arbitration and increasing military cooperation with the United States. His successor President Duterte had repeatedly expressed interest in attracting Chinese investment to the Philippines and favoring bilateral negotiations and joint development of resources. President Duterte pursued a more independent policy balancing alliance security commitments with the US with the desire to restore ties with China. However, the arbitration award in favor of the Philippines<sup>35</sup> and China's muscular and bullying response might have reduced his space for a compromise solution. The Philippines was restrained in its public response to the ruling. Meanwhile, China continued its aggressive actions against the Philippines in the South China Sea. After spending 5 years trying to placate China, the Philippines seems to have realised that Chinese belligerence had not diminished and Chinese navy ships have continued to encroach in the Philippine's EEZ and to harass and intimidate Philippines' fishing vessels. Tangible economic benefits from Chinese infrastructure investment in the Philippines were also not forthcoming.

The Philippines' careful balancing act in the ongoing great power competition, under President Marcos Jr., was challenged as the country witnessed attention from both the United States (US) and China. A week after the United States was granted access to additional bases in the Philippines, the Philippines military accused the Chinese Coast Guard of using a 'military grade' laser to disrupt its mission to resupply troops in the South China Sea (SCS)<sup>36</sup>. While the spokesperson of China's Foreign Ministry characterised the country's Coast Guard activity as 'professional and restrained', the actions add to the burgeoning cases of Beijing's assertive actions in the SCS<sup>37</sup>.

## Singapore

How do we look at Prime Minister Lee's visit to China in March 2023, in the context of the longer-term trends in China-Singapore relations? China views

<sup>35</sup> Ridderhof R (2016. July 12) The South China Sea Arbitration (12 July 2016) PCA Case No. 2013-19. The Peace Palace Library, The Hague Netherlands

<https://www.peacepalacelibrary.nl/2016/07/pca-award-south-china-sea-12-july-2016/>

<sup>36</sup> Philippines urges China to prevent any 'provocative act' after complaint over laser, [Reuters](#), February 14, 2023

<sup>37</sup> Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference, [Ministry of Foreign Affairs of the People's Republic of China](#), February 13, 2023



Singapore as part of a grouping including Japan, South Korea, Taiwan, and Australia that are closer to the United States than China would prefer<sup>38</sup>. It is concerned that such a ring of countries in the region could be used to encircle China. Singapore, on the other hand, sees in its relationship with China the potential for mutual gain, and seeks to emphasise the economic element in its relationship with China while underplaying the strategic challenges. Singapore seeks to develop a constructive relationship with China while hedging against it. Southeast Asian countries do not want to be in a position of having to choose between China, their major trading partner, and the United States, which has been their major security partner in the region.

In order to manage the contradictions inherent in simultaneously appeasing both China and the United States, Singapore continues its delicate balancing act in Asia. On one hand, Singapore was the only ASEAN country to unequivocally criticise and oppose "Russia's invasion of Ukraine," and to join US sanctions against Russia. On the other hand, Singapore provided much-needed support and succor to China's positions by endorsing China's pursuit of high-quality development, commending progress on bilateral cooperation under the BRI and upholding the rules-based multilateral trading system embodied in the WTO. On all these issues, which were the bone of contention between China and the United States, Lee appeared to lean in China's direction and away from US positions.

### South Korea, Japan and the US

Despite the radical shift in South Korea's US and Japan policy, Yoon's administration had been strategic in avoiding antagonising China. Since coming to power, Yoon cancelled his meeting with U.S. House Speaker Nancy Pelosi after her controversial trip to Taiwan on grounds of a "comprehensive consideration of national interest"<sup>39</sup>. In the country's first-ever Indo-Pacific Strategy document, South Korea had been careful in characterising it as an "inclusive region where nations that represent diverse political systems can peacefully co-exist"<sup>40</sup>. The document stated China was a "key regional partner", a view distinct from that of the US. Seoul continued to balance the two great powers as it participated in the talks on the Chip 4 alliance while signing a

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<sup>38</sup> Felix K Chang. ( 2019. December 3 ) The Odd Couple : Singapore's Relations with China. Foreign Policy Research Institute. The United States.

<https://www.fpri.org/article/2019/12/the-odd-couple-singapores-relations-with-china/>

<sup>39</sup> South Korea Leader Snubs Pelosi Over Holiday, Adding to His Woes, [Bloomberg](#), August 4, 2022

<sup>40</sup> Strategy for a Free, Peaceful, and Prosperous Indo-Pacific Region, [Ministry of Foreign Affairs, Republic of Korea](#), December 28, 2022

bilateral agreement to boost supply chain cooperation and communications with Beijing<sup>41</sup>.

South Korea's relationship with Japan was further strained by the strong opposition against the rapprochement in the two countries. The previous leadership in South Korea had been forced to reverse its engagement with Japan in the face of strong public opposition. Given Yoon's marginal victory in the presidential election and the opposition's strong foothold on South Korea's national assembly, Yoon's policies were expected to be far more susceptible to negative reviews. On the other side, successive Japanese Prime Ministers also suffered from low approval ratings. This issue was aggravated by the actions of Japan's Ministry of Education which soon after the Japan-South Korea Summit, approved history textbooks that omitted references to comfort women, forced labor and claimed disputed islands. These trends suggested that the rapprochement between China and Japan might be short-lived and would be intertwined with the fates of these leaders and might be overturned under a new leadership in either country in the future.

Despite these challenges, the trilateral push was seen as likely to persevere on the basis of converging interests, as was evident from the clearance for THAAD deployment in South Korea<sup>42</sup>. As geopolitical challenges in the neighborhood grew, domestic public opinion was also shifting, with China replacing Japan as South Korea's most disliked country<sup>43</sup>. The complex and contested geopolitical landscape, shared threat perceptions and national security interests were likely to propel forward the Japan-South Korea partnership at least in the short to medium term.

The current domestic political crisis in South Korea – Yoon's declaration of martial law and his subsequent impeachment- came as a surprise to some because the allies of South Korea were focused upon Yoon's foreign policy but ignored the domestic discord in the country. The crisis has undermined the national security of the US, Japan and China and put a question mark on the future of progress made since Yoon's assumption of office in South Korea.

## Australia

For Australia, the rise of China in the Indo-Pacific remains the biggest concern in terms of defense and national security. There are a number of issues for

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<sup>41</sup> S. Korea, China sign first MOU on supply chain cooperation, [Yonhap News Agency](#), August 27, 2022

<sup>42</sup> THAAD & Patriot Missiles To Roar In China's Backyard As US Defense System Approved For S.Korea Deployment, [The Eurasian Times](#), June 22, 2023

<sup>43</sup> South Koreans Now Dislike China More Than They Dislike Japan, [The New York Times](#), March 8, 2022

Australia<sup>44</sup>: First, the serious problem of Chinese interference in Australian domestic politics and economy. Second, the scenario of a possible invasion of Taiwan and its consequences. Third, Beijing's military expansion and sovereign claims in the South China Sea. Fourth, China's increasing expansion in the Pacific Islands, Australia's natural area of influence. Finally, Australia has become a model case of what can happen to countries that dare to openly challenge China. China punished Australia harshly with economic sanctions that had a strong negative impact, on the economy

## South Pacific

What explains the rising tensions between China and the US in the South Pacific? To be more precise, China's rising diplomatic, economic and security presence in the South Pacific has so alarmed the former colonial powers, traditional aid donors, and other powerful countries that they have vowed to look after the interests and needs of the island states, to discourage them from turning to China for help.

## Conclusion

India is reacting to developments in Southeast Asia in a number of ways. First, from a strategic perspective India has moved closer to the United States. However, India is not a member of any alliance and maintains strategic independence. How China approaches differences with India in the future will in part determine whether this posture will change. Second, India has pursued comprehensive engagement with China based on the belief that there is enough strategic space in Asia to support the rise of both. Third, India has developed closer strategic ties with other powers in the region including Japan, Vietnam, Indonesia and Australia. Fourth, with its "Act East Policy" and SAGAR (Security and Growth for all in the Region), India is working vigorously to strengthen relations with ASEAN countries, bilaterally and through active participation in ASEAN dialogue forums.

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<sup>44</sup> Praticio Guisto(August 25, 2022) Australia's China Strategy under the Labor Party. The Diplomat  
<https://thediplomat.com/2022/08/australias-china-strategy-under-the-labor-party/>



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