Connecting the Indo-Pacific: ASEAN Amidst Competing Connectivity Strategies

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The Association of Southeast Asian Nations (ASEAN) has been applauded for its success in transforming a region ridden with conflict and distrust into a region attracting confidence in its economic growth and prosperity. The very notion of ASEAN Centrality came about in recognition of ASEAN's success in promoting cooperative measures and dialogue in the Asia-Pacific regional architecture.[1] But along with the recent prominence of the Indo-Pacific regionalisation amongst international political discourse, and the increasing tension caused by great-power competition, ASEAN countries face the prospect of fading ASEAN Centrality.

A prominent aspect of this competition is the presence of infrastructural projects and connectivity strategies offered by geopolitically and geoeconomically competing major powers. These strategies include not only the physical infrastructure aspect of connectivity, but also institutional capacity and people-to-people linkages, including cyber networks. To compete with China's Belt and Road Initiative (BRI), Japan, India, and the United States have started to increase their own infrastructure projects in the region, while the European Union has sought to advance their engagement with Asia through investing in connections and networks.[2]

As the region with the fastest growing economies and biggest emerging markets, interconnectivity is crucial to linking and integrating markets and industrial centres with the money and workforce needed to expand them and to sustain the

[1] Mely Caballero-Anthony, "Understanding ASEAN's Centrality: Bases and Prospects in an Evolving Regional Architecture," *The Pacific Review* 27, no. 4 (2014): 563-584.

[2] Prapat Thepchatree, "Expanding ASEAN's Indo-Pacific Role," *East Asia Forum*, 15 August 2019, https://www.eastasiaforum.org/2019/08/15/expanding-aseans-indo-pacific-role/; Enrico D'Ambrogio, "Connecting Europe and Asia – Building Blocks for an EU Strategy," *European Parliament*, 20 July 2019, www.europarl.europa.eu/legislative-train/theme-europe-as-a-stronger-global-actor/file-connecting-europe-and-asia.

growth momentum in the Indo-Pacific.[3] For host countries, sustained growth also means poverty alleviation and raising the living standards of their population. For investors, those who manage to plant the bigger share to fill this demand will not only reap the direct economic rewards later through hitching on to such promising growth, but also get the chance to guide economic interaction, accommodating their economic (and political) interests in the process.[4]

With the possible competing nature of these projects comes the concern over strategic competition inside Southeast Asia, especially among ASEAN members. There are fears over the possibility that growing dependency on the provision of these connectivity initiatives would pull away and disperse the interests of ASEAN countries.[5] This will then make it hard to form a common position or progress as a collective unit, jeopardising the centrality, and perhaps relevance, of ASEAN, and pushing Southeast Asia to become an extension of great-power strategic competition and rivalry.

This article highlights the general expectations of Southeast Asian countries and their responses to the different connectivity projects offered to them. The article argues that although a major power could take the majority share of infrastructure projects in an ASEAN member country in comparison to its peers, it will not be enough to push Southeast Asia into becoming an arena of strategic competition. This is because the infrastructure needs of Southeast Asian countries are too great for any one major power to cover on its own. Such massive needs present a condition of absolute gain, even amidst the presence of competing visions and interests. This condition demands that ASEAN countries be inclusive to as many connectivity projects as possible if they are to reach their objective of connectivity in the first place. Moreover, this also prevents any one country from exerting too much influence through these projects. This article builds on the argument by

3 Asian Development Bank, *Meeting Asia's Infrastructure Needs* (Mandaluyong: Asian Development Bank, 2017), https://www.adb.org/sites/default/files/publication/227496/special-report-infrastructure.pdf.

4 J. F. Blanchard and C. Flint, "The Geopolitics of China's Maritime Silk Road Initiative," *Geopolitics* 22, no. 2 (2017): 223-245.

5 Herman Kraft, "ASEAN Centrality in Testing Times," *ASEANFocus: Assessing ASEAN-China Relations* 6 (2018): 8-9, https://www.iseas.edu.sg/images/pdf/ASEANFocus_December2018_Final.pdf; M. Oba, "ASEAN's Indo-Pacific Concept and the Great Power Challenge," *The Diplomat*, 17 July 2019, https://thediplomat.com/2019/07/aseans-indo-pacific-concept-and-the-great-power-challenge/; C. Lentz, "Japan's Foreign Policy in the Mekong Region," *The Diplomat*, 21 November 2018, https://thediplomat.com/2018/11/japans-foreign-policy-in-the-mekong-region/.

looking at the gap between ASEAN countries' demand for infrastructure and the offers made by these connectivity strategies.

This article is divided into three sections. The first section discusses the geopolitical context and the competitive nature of some of the most prominent connectivity strategies/concepts/visions in the region. The second section looks at the possible "inclinations" of each ASEAN country to these connectivity strategies, by identifying the strategy offers they are most associated with and approve of, as well as most importantly the attempt at a "reconciliation" at the regional level, through the ASEAN Outlook on the Indo-Pacific. The third section presents the general argument that strategic competition is unlikely, due mostly to the fact that there is no room to compete in when it comes to ASEAN connectivity needs.

THE INDO-PACIFIC REGIONALISM: NAVIGATING BETWEEN MAJOR CONNECTIVITY STRATEGIES

The Indo-Pacific is a result of the geopolitical construct of state leaders and foreign policy elites. As a recently prominent geopolitical imaginary, the term "Indo-Pacific" has not been cemented as a working category, neither as a geographical area nor a grouping, in many international organisations, such as the International Monetary Fund (IMF) or the World Trade Organisation (WTO). It has not been used pervasively as a designated working area in most national-level ministries and agencies inside the region, in comparison to the use of the term "Asia Pacific."

From the geographical perspective, the urge to view this "confluence of the two oceans" as one whole region, however, has gained momentum.[6] The most obvious and most cited reason for this is the increasing number of security challenges facing some of the most important trade routes and markets in the world, from potential clashes in states' rivalry to the risk of piracy and transnational organised crimes. Furthermore, the hunt for new resources has led states to the abundance of untouched resources in the region's oceans, where territorial boundaries are less of an impingement.[7] With mouth-watering riches and geopolitical importance then come signs of competition.

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6 See Prime Minister Shinzo Abe's speech. Shinzo Abe, "Confluence of the Two Seas" (speech at the Parliament of the Republic of India, New Delhi, 22 August 2007), https://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html.

7 R. Mills, "Why are Countries Laying Claim to the Deep-Sea Floor?" *BBC News*, 21 June 2017, https://www.bbc.com/news/world-40248866.

Early association to the rise of this regional vision refers heavily to the US' attempt to contain China's perceived growing assertion in the military sector, with subtler hints towards China's actions to strengthen its territorial claim in the South China Sea.[8] With the discussion of the potential rebirth of the "Quad," observers saw the concept in relation to a military arrangement and strategy that will signal the return of a Cold War-type rivalry between security blocs.[9] But while its arrival at the centre of the international political discourse was much affiliated with a military arrangement, much of the progress of the construction of the Indo-Pacific regional vision comes in the form of economic cooperation and rivalry, particularly in connectivity strategies.

At the centre of this development is China's grand interconnectivity project, the Belt and Road Initiative, which has attracted both promises of geopolitical and geoeconomic advancements and concerns. China's investment under the transcontinental long-term policy and investment programme has been estimated to reach 200 billion USD early in 2018, with a total that could reach 1.2-1.3 trillion by 2027 according to a report by Morgan Stanley.[10] The BRI's priority cooperation areas of policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds, suggested its high emphasis on infrastructural development and acceleration of economic integration.[11]

The BRI consists of two components, the Silk Road Economic Belt (land-based) and the 21st Century Maritime Silk Road. Southeast Asia is affected by the two corridors in the Silk Road Economic Belt, the China-Indochina Peninsula Economic Corridor (CICPEC) and the Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC). It is also a major region for the 21st Century Maritime Silk Road that connects China with Southeast Asia through the South China Sea and the Strait of

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8 L. Jeong-ho, "Is the United States about to Ramp Up Its Indo-Pacific Strategy to Contain China?" *South China Morning Post*, 27 May 2019, https://www.scmp.com/news/china/diplomacy/article/3012010/united-states-about-ramp-its-indo-pacific-strategy-contain.

9 Endy M. Bayuni, "Is Multipolarism Replacing Containment of China?" *The Jakarta Post*, 4 April 2019, https://www.thejakartapost.com/academia/2019/04/04/is-multipolarism-replacing-containment-of-china.html.

10 Andrew Chatzky and James McBride, "China's Massive Belt and Road Initiative," *Council on Foreign Relations*, 31 May 2019, https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative; Morgan Stanley, "Inside China's Plan to Create a Modern Silk Road," *Morgan Stanley,* 14 March 2018, https://www.morganstanley.com/ideas/china-belt-and-road.

11 Lu Shaye, "Remarks by Ambassador Lu Shaye at the Canadian National Exhibition Belt and Road Forum," *Ministry of Foreign Affairs of the People's Republic of China*, 31 August 2018, https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zwjg_665342/zwbd_665378/t1590197.shtml.

Malacca. So far, the value of BRI projects in ASEAN countries amount to more than 739 billion USD, with Indonesia receiving 171.11 billion USD of investment, followed by Vietnam (US$151.68 billion), Cambodia (US$103.96 billion), Malaysia (US$98.46 billion), Singapore (US$70.09 billion), Laos (US$47.70 billion), Brunei (US$35.9 billion), Myanmar (US$27.24 billion), Thailand (US$24.11 billion) and the Philippines (US$9.4 billion).[12] As can be seen in Figure 1, most of the major BRI projects among Southeast Asian countries took the form of railway, roads, and power projects.

With its massive investment fund, the BRI provides a lucrative boost to the infrastructural needs of Southeast Asian countries. Indonesia, in particular, makes up 36 percent (93 billion USD) of the total Chinese investment in Southeast Asia up to 2019. Of note is the Kayan River hydropower plant in North Kalimantan, valued at US$17.8 billion, signed in 2018.[13]

But with this glimmering promise also have come concerns from Southeast Asian countries over potential asymmetrical dependency and the risks it is associated with. Inherently speaking, a state with the majority share of investment in a geostrategic project will have an influence on trade flows in its immediate area. It will be in a better position vis-à-vis the host country to promote its preference on certain integration projects on top of others, or even to try to impede the access of others. The state could further push to be given the authority to operate certain infrastructure facilities in the host country or ask the host to privilege their work force as a condition for the provision of the project's financing.

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12 LSE Ideas and CIMB ASEAN Research Institute, *China's Belt and Road Initiative (BRI) and Southeast Asia* (Kuala Lumpur: CIMB Southeast Asia Research, 2018), http://www.lse.ac.uk/ideas/Assets/Documents/reports/LSE-IDEAS-China-SEA-BRI.pdf.

13 Bloomberg, "Japan Still Leads in Southeast Asia Infrastructure Race, Even as China Ramps Up Belt and Road Investments: Report," *South China Morning Post*, 23 June 2019, https://www.scmp.com/news/asia/southeast-asia/article/3015732/japan-still-leads-southeast-asia-infrastructure-race-even.

Figure 1. 10 Largest BRI Projects in Southeast Asia by 2017.

Rank	Year	Chinese Entity / Project	Cost US$	Sector	Subsector (where applicable)	Country of investment
1	2017	Kuala Lumpur–Kota Bahru Rail (Construction)	14,300,000,000	Transport	Rail	Malaysia
2	2013	Preah Vihear–Kaoh Kong Railway	9,600,000,000	Transport	Rail	Cambodia
3	2017	Vanke, Hopu, Hillhouse, Bank of China	9,060,000,000	Logistics		Singapore
4	Unclear	Kyaukpyu Deep Sea Port (Construction)	7,300,000,000	Transport	Posts/ Shipping	Myanmar
5	2015	China General Nuclear	5,960,000,000	Energy		Malaysia
6	2016	Vientiane–Boten Railway Project	5,800,000,000	Transport	Rail	Laos
7	2017	Bangkok to Nakhon Ratchisima High-Speed Railway (Phase 1)	5,352,905,500	Transport	Rail	Thailand
8	2013	Zhejiang Hengyi	3,440,000,000	Energy	Oil	Brunei
9	2017	China Railway Engineering	3,190,000,000	Transport	Rail	Indonesia
10	2017	China Railway Construction, China Railway Engineering	2,690,000,000	Transport	Rail	Thailand

Source: Oxford Economics.[14]

Since the introduction of the BRI, other major countries have embarked on their own journey to offer competitive connectivity projects to the region. Japan's Free and Open Indo-Pacific Strategy, for example, was a framework to better capture the Indo-Pacific regionalism by carrying on from, and formalising, the already massive Japanese investment in Southeast Asia's connectivity projects. Similar to the BRI, Japan's strategy deliberates the pursuit of economic prosperity through improved physical, people-to-people, and institutional connectivity. The difference is Japan's emphasis on addressing the need for developing a free and open maritime order as an international public good, which puts attention on the aspect of peace and security, along with rule of law, freedom of navigation, and free trade, as

[14] In LSE Ideas and CIMB ASEAN Research Institute, *China's.*

equal in importance to the prosperity aspect of development.[15] Japan also specifically notes that it intends to cooperate with any country that supports this vision.[16]

In Southeast Asia, Japan's connectivity projects consist of two main corridors, the East-West Economic Corridor and the Southern Economic Corridor. In the East-West Economic Corridor, Japan has completed several projects, such as the construction of a tunnel and improvement of a port in Vietnam and construction of the Second Mekong International Bridge in Laos.[17] In the Southern Economic Corridor, Japan has completed the construction of a bridge and a national road in Cambodia.[18] In Indonesia, Japan supported the establishment of Patimban port and was also involved in strengthening maritime security and safety.[19] Through decades of interaction, the total of Japan's investment in Southeast Asia's infrastructure is still greater than China's. According to a recent report by Fitch Solutions, Japanese-backed projects in Southeast Asia's largest economies, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, are valued at 367 billion USD, compared to China's 255 billion USD.[20]

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[15] Government of Japan, "A New Foreign Policy Strategy: 'Free and Open Indo-Pacific Strategy'," *Japan's Embassy in ASEAN*, accessed 1 September 2019, https://www.asean.emb-japan.go.jp/files/000352880.pdf.

[16] Ibid.

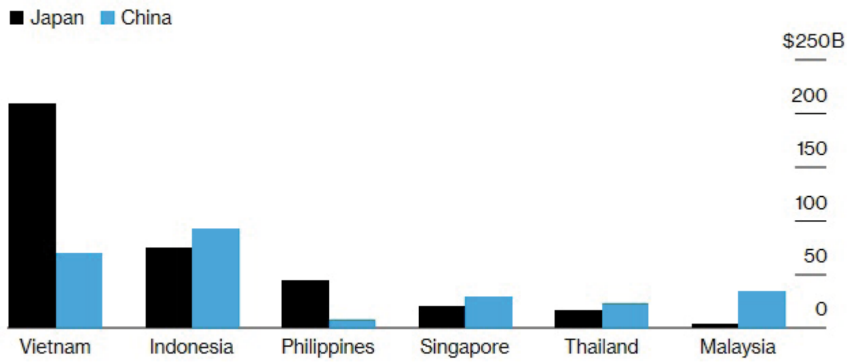
[17] Government of Japan, "Towards Free and Open Indo-Pacific," *Government of Japan*, June 2019, https://www.mofa.go.jp/files/000407643.pdf.

[18] Ibid.

[19] Ibid.

[20] These numbers are of planned projects, subject to realisation. In Bloomberg, "Japan."

Figure 2. The Value of Japanese and Chinese-led Infrastructure Projects in Southeast Asia's Biggest Economies.



Source: Fitch Solutions.[21]

Another major country introducing its connectivity programmes is the US. The US' physical infrastructure connectivity programmes are more designed for its regional allies and partners, particularly Japan and South Korea. The US programme for Southeast Asia, meanwhile, focuses more on institutional infrastructure, to allow the establishment of a "well-functioning and transparent marketplace" that could really attract global commercial investments in the long term.[22] Therefore, at least for the near future, we are unlikely to see a massive boost in US involvement to support the need for physical connectivity in Southeast Asia. Nevertheless, under its Indo-Pacific Economic Vision and BUILD act, the US has declared a commitment for investment in Asia amounting to 113 million USD and has assigned greater authority to the International Development Finance Corporation (USIDFC),

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[21] In Michelle Jamrisko, "China No Match for Japan in Southeast Asia Infrastructure Race," *Bloomberg*, 23 June 2019, https://www.bloomberg.com/news/articles/2019-06-23/china-no-match-for-japan-in-southeast-asia-infrastructure-race. Top Japanese infrastructure investment targets: Vietnam (208 billion USD), Indonesia (74 billion USD), the Philippines (43 billion USD), Singapore (19 billion USD), and Thailand (15 billion USD). Top Chinese infrastructure investment targets: Indonesia (92 billion USD), Vietnam (69 billion USD), Malaysia (34 billion USD), and Singapore (28 billion USD).

[22] US Department of Defense, "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," *US Department of Defense*, 1 June 2019, https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF.

formed in December 2019, to promote greater investment in the region through providing private companies with loans for overseas projects.[23]

The European Union has also come up with its own connectivity strategy, which puts emphasis on the sustainability aspect of development, through cross-border rules and regulations for fair and environmentally friendly business competition.[24] It focuses on achieving a better-connected Europe and Asia, through transport links, energy, human and digital networks, strengthening the resilience of societies and regions as well as creating avenues for a better, low-carbon future.[25] In ASEAN especially, the EU has agreed to support ASEAN Community integration by allocating 85 million Euro of support, aiming at the consolidation of the ASEAN Community, including fostering a single market, trade facilitation and reducing non-tariff barriers to trade.[26]

The existence of these initiatives gives the impression of a new ground for competition in creating economic dependence so as to gain a strategic advantage over the others, whether one intends to or not. Due to the sheer size of the BRI and the political context surrounding China's rise, the BRI has been at the centre of these concerns. The fact that there is no intention shown to initiate any multilateral or trilateral mechanism to link up or integrate the BRI with other grand connectivity initiatives (ASEAN's, India's, Japan's, the European Union's, or the US'), almost suggests that the BRI stands in competition with them.[27] There are also criticisms that China seeks to seize a chance to benefit from its economic leverage on other

[23] S. Jiangtao and O. Churchill, "US Competes with China's 'Belt and Road Initiative' with US$113 Million Asian Investment Programme," *South China Morning Post*, 30 July 2018, https://www.scmp.com/news/china/economy/article/2157381/us-competes-chinas-belt-and-road-initiative-new-asian-investment.

[24] European Union, "The European Way to Connectivity – A New Strategy on How to Better Connect Europe and Asia," *European Union*, 20 September 2018, https://eeas.europa.eu/delegations/malaysia/50792/european-way-connectivity-–-new-strategy-how-better-connect-europe-and-asia_en.

[25] Ibid.

[26] Ibid.

[27] Nguyen V. Tung, "Vietnam's Experience and Perspective on BRI," in *Perceptions and Readiness of Indonesia towards the Belt and Road Initiative*, eds. Yose Rizal Damuri, et al., (Jakarta: Centre for Strategic and International Studies, 2019), 38-39. https://www.csis.or.id/uploads/attachments/post/2019/05/23/CSIS_BRI_Indonesia_r.pdf.

countries so as to gain better diplomatic and strategic positions (using the so-called debt-trap diplomacy), citing cases in Sri Lanka or Djibouti.[28]

While these strategies may take a value-based, strategic-based, or economic-based approach, they have the same root intention, that is, to capture the growth of a region with so much potential, through having a share in the region's quest for interconnectivity. And while this is exactly where ASEAN wants the energy to be shifted to, rather than on military competition, the geopolitical rivalry still forms a context for concern among Southeast Asian states that they will be forced to choose sides or concede their political stance for infrastructural development.

SOUTHEAST ASIA'S RESPONSE(S) TO CONNECTIVITY PROJECTS

Southeast Asian countries have for years been bilaterally engaged in connectivity project initiatives offered by their dialogue partners, especially Japan and China. Overall, the domestic receptions among Southeast Asian countries towards these connectivity strategies indicate existing concerns over their geopolitical impact to Southeast Asian national and regional interests. At the regional level, however, ASEAN as a grouping seems to believe that they can bypass the geopolitical implications of these connectivity strategies by focusing more on their economic dimension rather than trying to read too much into the underlying geopolitical narrative. Indeed, such a tendency to downplay (geo)political dealings and emphasise more on economic connectivity has been evident throughout ASEAN's integration project.

With regard to their individual engagements, while concerns were shared among ASEAN countries, policy responses vary. Leadership continuity is a big part of ensuring consistency in policy responses to these initiatives. Thailand and the Philippines have experienced a shift in their policy, from their classical stance as partners to the US to now being favourably disposed towards China.[29] Malaysia had also for a while increased ties with China through infrastructure projects. Shaofeng

[28] M. Green, "China's Debt Diplomacy," *Foreign Policy*, 25 April 2019, https://foreignpolicy.com/2019/04/25/chinas-debt-diplomacy. The cases in Sri Lanka and Djibouti are the two most-cited examples of China's debt-trap diplomacy. In 2017, Sri Lanka signed over a 99-year lease for the use of a new port to China, to cover for its loan in building it. In Djibouti, the high level of public debt, with a high share of it attributed to loans from China, was associated with the presence of China's first overseas military base in the country.

[29] H. L. Thu, "China's Dual Strategy of Coercion and Inducement," *The Pacific Review* 31, no. 1 (2019): 20-36.

Chen categorises these countries based on their responses to connectivity projects into three groups: (1) those who are very engaged with China's BRI (Cambodia, Laos, and Malaysia); (2) those who have a noticeably balanced stance, reflected in their involvement with multiple connectivity projects (Indonesia, Thailand, Myanmar, Brunei, and Singapore); and (3) those who initially were less supporting but now have had some engagements, though with reservations (Vietnam and the Philippines).[30]

Cambodia, for instance, favours the BRI because it has exposed both the attractiveness of its market and capacity for industry and exports, provided the funding it needs, especially from Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund, and has been attributed to as leading to a reduction in the poverty rate.[31] The government of Cambodia also actively raises awareness about the initiative via the means of workshops.[32] The BRI has produced at least thirty-one economic agreements, including the cancellation of 89 million USD Cambodian debt and 237 million USD of soft loan deals.[33] But even in Cambodia, where China is the biggest source for donations, loans, and FDI, there are still negative sentiments towards the BRI, namely with regard to potential overdependence on China and, in some cases, over the social and environmental disruption the projects have caused.[34]

Some Southeast Asian countries feel the need to take a more balanced approach by seeking diversification. The Philippines has had to balance the need for investment in infrastructure with concerns and domestic resistance on issues like an influx of Chinese workers and a potential debt trap.[35] Vietnam, on the other hand, was initially very reluctant to welcome the BRI. They view the connectivity strategy as attached to the political agenda and regional ambitions of the country of origin.[36]

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30 Shaofeng Chen, "Regional Responses to China's Maritime Silk Road Initiative in Southeast Asia," Journal of Contemporary China 27, no. 111 (2018): 352.

31 Chap Sotharith, "Cambodia's Experience and Perspective on BRI," in *Perceptions*, eds. Damuri, et al., 34-35.

32 Ibid.

33 P. C. Thul, "Chinese President Xi Jinping Visits Loyal Friend Cambodia," *Reuters*, 13 October 2016, https://www.reuters.com/article/us-china-cambodia/chinese-president-xi-jinping-visits-loyal-friend-cambodia-idUSKCN12D0NV.

34 Sotharith, "Cambodia's."

35 Aileen S. P. Baviera, "Philippines' Experience and Perspective on BRI," in *Perceptions*, eds. Damuri, et al., 36-37.

36 Tung, "Vietnam's."

WHITHER THE ASEAN CENTRALITY?

Amidst the challenges posed by the competition of connectivity projects, it is important for Southeast Asian countries to make a joint effort to lead and stay relevant in their own region, particularly in relation to the economic architecture. One way to do this is of course through ASEAN. As a grouping of small and medium powers, ASEAN can be a platform for building trust between major powers. Concerns over a potential strategic rivalry have pushed Southeast Asian countries to feel the shared need to shift the talk on the Indo-Pacific to economic cooperation, with hopes that, like in the previous era, they could profit from great-power competition.

After just less than one and a half years of deliberation, the ten member countries of ASEAN adopted the ASEAN Outlook on the Indo-Pacific (AOIP) at the ASEAN Summit on 22 June 2019.[37] The AOIP was very much Indonesia's initiative, and the adoption of the document has been considered a great accomplishment by Indonesia's foreign policy in the region. Indonesia's active effort stems from the concern that major-power rivalries deeply impact Southeast Asia, and the competing narratives on the Indo-Pacific may increase tensions. In particular, Indonesia was uncomfortable with the United States' approach, seeing it as an effort to isolate China. Indonesia was even more uncomfortable with the initial rebirth of the "Quad," seeing it as a potential strategic coalition (of the US, India, Japan, and Australia) that undermines ASEAN Centrality. Although Quad leaders have thereafter stressed ASEAN centrality in their visions for the Indo-Pacific, it remains to be seen as to whether the existence of the Quad will weaken ASEAN's primacy in setting the region's direction.[38] The AOIP was therefore designed as ASEAN's effort to steer back the region away from the growing narrative of strategic competition. With the AOIP, ASEAN seeks to harmonise and synergise these grand infrastructural projects to really stress on common interests for development.[39] The Outlook also tries to reconcile the variety of sentiments and policy preferences at the

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[37] ASEAN, "ASEAN Outlook on the Indo-Pacific," ASEAN, 23 June 2019, https://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf; Nur Yasmin, "Several Countries Express Support for Indonesia's ASEAN Outlook on Indo-Pacific' Initiative," *Jakarta Globe*, 1 July 2019, https://jakartaglobe.id/news/several-countries-express-support-for-indonesias-asean-outlook-on-indopacific-initiative/.

[38] Bhagyashree Garekar, "Quad Leaders Stress ASEAN's Centrality in Their Indo-Pacific Visions," *The Straits Times*, 17 November 2018, https://www.straitstimes.com/singapore/quad-leaders-stress-aseans-centrality-in-their-indo-pacific-visions.

[39] N. Hussain, "ASEAN Joins the Indo-Pacific Conversation," *East Asia Forum*, 16 August 2019, https://www.eastasiaforum.org/2019/08/16/asean-joins-the-indo-pacific-conversation/.

national level. ASEAN also has the Master Plan on ASEAN Connectivity (MPAC) and the Master Plan on ASEAN Connectivity 2025, along with the declaration at the 6th East Asia Summit on ASEAN Connectivity, which puts emphasis on principles of inclusivity, competitiveness and a greater sense of community.[40]

The AOIP emphasises the principles of "strengthening ASEAN Centrality, openness, transparency, inclusivity, a rules-based framework, good governance, respect for sovereignty, non-intervention, complementarity with existing cooperation frameworks, equality, mutual respect, mutual trust, mutual benefit and respect for international law."[41] These principles entail ASEAN dealing with divergent views regarding connectivity strategies by not limiting rigidly any engagement with them. And this is exactly where it differs from the other Indo-Pacific visions, concepts, or strategies: it does not represent a geopolitical, strategic, or militaristic standpoint. The AOIP detects and underscores the convergence between existing regional strategies towards the Indo-Pacific. It is simply a vision which inclusively unites all others, guiding them to a common purpose. This is reflected by its broad scope for cooperation. As it is not a contending investment strategy or mechanism, it would be unfair to compare it with other mechanical financial support and investment strategies offered by the major powers.

Overall, the AOIP is best understood as a small/middle power diplomatic strategy amidst the environment of an emerging great-power rivalry and competing Indo-Pacific concepts/strategies. It is ASEAN's effort to address the competition in the Indo-Pacific region and to turn it into a platform for dialogue and cooperation, with the hope that the various connectivity strategies will turn into collaboration, just like it always has, through norm-setting, confidence-building, and progressing through other non-sensitive areas of cooperation.[42] This way, ASEAN positions itself at the centre of this development.

There are, nonetheless, some criticisms directed at the AOIP. The Outlook is ASEAN's effort to set the rules of the game, but, unfortunately, it still lacks the driving forces. Officials have said that the AOIP ought to be viewed as a work in

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40 ASEAN, *Master Plan on ASEAN Connectivity 2025* (Jakarta: ASEAN Secretariat, 2016), https://asean.org/storage/2016/09/Master-Plan-on-ASEAN-Connectivity-20251.pdf; Ministry of Foreign Affairs, Republic of Indonesia, "East Asia Summit (East Asia Summit)," *Ministry of Foreign Affairs of the Republic of Indonesia*, 2 September 2019, https://kemlu.go.id/portal/en/read/116/halaman_list_lainnya/east-asia-summit-east-asia-summit.

41 ASEAN, "ASEAN."

42 Amitav Acharya, "Why ASEAN's Indo-Pacific Outlook Matters," *Australian Strategic Policy Institute*, 12 August 2019, https://www.aspistrategist.org.au/why-aseans-indo-pacific-outlook-matters/.

progress, which is obvious from the lack of clarity throughout the document. There is no mention of any country or major power, not just China and the United States, and it avoids discussion of sensitive political-security issues. Most importantly, the document lacks a clear strategy to implement the key areas of cooperation listed in it.

CONNECTIVITY IN SOUTHEAST ASIA: A CASE FOR ABSOLUTE GAIN

"Confrontations" involving the connectivity projects might still occur, especially when contending interests intersect with territorial issues, in disputed boundaries or in geopolitically sensitive areas. India, for instance, has reasons to worry about the China-Pakistan Economic Corridor of the BRI, as it alters the strategic balance in South Asia.[43] Such issues might arrive in Southeast Asia should connectivity projects touch upon and be conducted in politically sensitive disputed areas, such as the South China Sea. But as suggested earlier with ASEAN's attempt to divert the focus of these connectivity strategies to their economic dimension, Southeast Asian countries still hope that existing connectivity strategies can coexist in harmony with one another.

Among Southeast Asian countries, confrontation is less likely to be an extension of strategic competition between the connectivity strategies of the great powers because none of the major powers can individually cover the whole of the infrastructural needs of the region. According to a report from Asian Development Bank (ADB), Southeast Asian infrastructure investment needs in the period 2016 to 2030 could amount to at least 2.76 trillion USD.[44] This means that Southeast Asian countries will need to reserve 184 billion USD annually, or about 5 percent of its total GDP for their infrastructure needs.[45] Progress for infrastructure is well underway. According to Standard Chartered, ASEAN countries currently have around 800 infrastructure projects in the works, with 400 and 275 projects in the transport sector and the energy sector respectively.[46]

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43 Z. Khan, et al., "CPEC: A Game Changer in the Balance of Power in South Asia," *China Quarterly of International Strategic Studies* 4, no. 4 (2018): 595-611.

44 Asian Development Bank, *Meeting*, 43. The term *infrastructure investment* here, as used in ADB's 2017 report, refers to the amount of government/public spending on infrastructure.

45 Ibid.

46 Standard Chartered, "Mid-Corporates Can Tap ASEAN's Infrastructure Gap for Growth," *Standard Chartered*, 4 April 2019, https://www.sc.com/en/feature/mid-corporates-can-tap-aseans-infrastructure-gap-for-growth/.

The Philippines' infrastructure plan of 75 projects, for instance, requires 180 billion USD in total for the period 2017-2022.[47] China's loan pledge in the country, however, only roughly accounted for 15 percent of its overall funding needs.[48] Vietnam, likewise, has only been able to fund around 10-30 percent of its infrastructural needs.[49] Meanwhile, Indonesian President Joko Widodo's plan of 265 projects requires 327 billion USD, with only 15 billion USD being planned to come from the state budget.[50] According to the ADB data report, in 2015, the government of Indonesia had only managed to invest 23 billion USD on infrastructure, far off the estimated annual need of 70 billion USD in infrastructure investment from 2016 to 2020.[51] This 47 billion USD deficit represents 4.7% of Indonesia's GDP.[52] The same report assessed and projected that Indonesia's average annual infrastructural investment need between 2016 and 2030 would be at 74 billion USD (5.5% of its GDP), with a total of about 1.1 trillion USD.[53]

Compared to Southeast Asia's massive need for infrastructure, it is predicted that China's total investment fund through the BRI is "only" going to reach around 1.2-1.3 trillion USD by 2027, in a Morgan Stanley estimate.[54] Moreover, this amount is unlikely to be all directed towards Southeast Asia. As a depiction, Fitch Solutions stated that as of early 2018, China's infrastructure investment realisation in Southeast Asia was valued in total at only 155 billion USD.[55] Japan's tally was higher, at 230 billion USD.[56] These numbers show that the connectivity vision of Southeast Asia is more than any one country can chew.

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47 The ASEAN Post, "Financing ASEAN's Infrastructure Demand," *The ASEAN Post*, 15 July 2018, https://theaseanpost.com/article/financing-aseans-infrastructure-demand.

48 Baviera, "Philippines'."

49 Tung, "Vietnam's."

50 Salna, K. "Indonesia Needs $157 Billion for Infrastructure Plan," *Bloomberg*, 26 January 2018, https://www.bloomberg.com/news/articles/2018-01-25/indonesia-seeks-to-plug-157-billion-gap-in-nation-building-plan.

51 Asian Development Bank, *Meeting*, xvi.

52 Based on ADB's 2017 report projection of Indonesia's annual average GDP from 2016 to 2020.

53 Asian Development Bank, *Meeting*, 43.

54 Ibid., 43; The ASEAN Post, "Financing;" Stanley, "Inside." Infrastructure gap is the difference between infrastructural spending need and the realisation of public spending on infrastructure.

55 Fitch Solutions data as of February 2018. In Jamrisko, "China."

56 Ibid.

Therefore, even though there is a clash of visions and competition on the side of the investors, over on the side of the receivers, there is "no room" for competition. Strategic competitions and clashes of interests occur when there is limited room contested over by several parties. But in this case, there is plenty of room for everybody to fit in. And so, whether the investors like it or not, their peers will also need to step in to invest to fulfil this infrastructural gap. For Southeast Asian countries, more options on connectivity strategies are to their advantage. As Southeast Asian countries' interest is to make sure as many parties as possible are on board to cover their needs, inclusivity becomes a key aspect of their campaign on the Indo-Pacific regionalism. This makes the case for an absolute gain scenario, where the advantage of one does not translate to the disadvantage of another and all can benefit peacefully.

CONCLUSION

ASEAN countries are not immune to the pulls of strategic forces from outside the region, not least with the tempting offers from mouth-watering connectivity strategies. With the rise of competing Indo-Pacific strategies advocated by major powers, ASEAN faces the challenge of maintaining its centrality amidst these pulls. This article has argued that the existence of differing visions of connectivity strategies will not necessarily sentence ASEAN countries to strategic competition with one another as a spillover effect of the competition of their external counterparts. To effectively develop for the purpose of integrating regions, these strategies are complementary. Based on needs assessment, inclusivity is the way to go.

It remains to be seen whether ASEAN can reconcile the variety of sentiments and policy preferences at the national level and synergise between these values-based, sustainability-based, military-based, or economic-based approaches to connectivity. ASEAN principles, mechanisms, outlooks, and visions will need to be effectively put into practice to filter out the negative excesses of competition. For now, the increasing number of initiatives being made by the major powers and offered to the region is seen as opportunities to continue the growth momentum of Southeast Asia, inside the Indo-Pacific.

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