



## **An Analysis of the US-China Hegemonic Competition over ASEAN and Its Implications**

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### **Executive Summary**

Since the mid-2000s, China has grown rapidly and started to compete more frequently and fiercely against the US. China announced the “Chinese Dream” in 2012, surpassed the economic scale of the US based on purchasing power parity in 2014, stipulated Belt and Road Initiative, which plans to open a new silk road, in the constitution of the party at the 19th National Congress in 2017 with the aim of promoting globalization in Chinese style, and declared its commitment to become the world’s leading country. In response, the US announced the Indo-Pacific Strategy and initiated full-fledge deterrence against the rise of China, opening a hegemonic competition between the two countries.

This book acknowledges that the US has recognized China as a potential rival with an ambition of becoming hegemonic power and confirms that the US introduced Indo-Pacific Strategy as a new diplomatic strategy in an effort to deter the rise of China. A hegemonic power with an overwhelming status desires to maintain the status quo, while other superpowers wait until the risks and costs of changing the balance of power decrease and attempt to reshape the order. At this point, the US can be considered as a hegemonic power wishing to maintain the status quo, and China as a superpower striving to change the balance after waiting for 30 years.

Furthermore, this book analyzes the US-China hegemonic competition with the regional focus on ASEAN, based on the fact that the main battleground between the two countries appears to be the Asia-Pacific region. China has already executed infrastructure projects worth millions to billions of dollars with all 10 nations of ASEAN as a part of Belt and Road Initiative. The Asian Infrastructure Investment Bank (AIIB), which was established as a funding source for these projects, has a capital of 96.7 billion dollars. Moreover, human and cultural exchanges between China and ASEAN countries also increased. Ironically, at the same time, ASEAN countries, despite being the greatest beneficiaries of Belt and Road Initiative, are sensing a major security threat from China due to their history of distrust and territorial disputes in the South China Sea. And thus, the US rises as an alternative to alleviate such strategic instability. Trump administration, however, is not giving a firm assurance that the US will continue to be involved in ASEAN affairs, and the US Indo-Pacific Strategy is lacking its specifics and substances despite being announced more than two years ago. Most of the projects composing the Indo-Pacific Strategy are a compilation of what the US has done in ASEAN in the past. A total amount of project fund is less than 2 billions of dollars excluding 60-billion-dollar-budget of the US International Development Finance Corporation (USIDFC), an independent agency of the US government that modernized the loans and capital investment functions of the Overseas Private Investment Corporation (OPIC). In other words, the US has failed to propose funds or specific plans for the development of ASEAN countries or to guarantee national security from the China threat due to its geographical location. Therefore, ASEAN countries are not responding to the Indo-Pacific Strategy based on the distance between the two and the history of inconsistency in the US policy toward ASEAN.

Both the US and China anticipate ASEAN countries to actively participate in their respective strategies, enforcing ASEAN countries to choose one side over the other. However, the two countries can earn the trust of ASEAN countries only when they show practical partnerships to provide solutions for essential problems, such as territorial disputes in the South China Sea and regional network of economic exchanges. In particular, ASEAN countries will prefer the US policy framework of freedom, prosperity, transparency, and the rule of law over aggressive policies against China, since ASEAN countries have used hedging strategies among superpowers for their survival and prosperity.

The US is leading the Indo-Pacific Strategy but, at the same time, is urging its allies and partners to share responsibility. The primary power struggle in East Asia is a competition between the US and China, but the secondary competition is likely to arise between the blocs that are formed by the two countries. South Korea is more vulner-

able to the US-China conflict than ASEAN countries, and it finds hard to choose one side in this competition. And thus, South Korea, along with ASEAN countries, needs to find a way toward co-prosperity in the face of new foreign policies of the US and China, and must become an anchor state, which faithfully establishes and abides by the principle of multilateralism and is not swayed by unilateral moves of superpowers. Indeed, it is time for South Korea to take an initiative in developing ASEAN and the region by both actively utilizing already existing organizations and newly forming diverse consultative bodies with ASEAN countries based on the New Southern Policy. ❖

*※ Translator's note: This is a summarized unofficial translation of the original paper which was written in Korean. All references should be made to the original paper.*

*※ This article is written based on the author's personal opinions and does not reflect the views of the Sejong Institute.*