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### Preservation of the ASEAN Regionalism: Responding to the Belt Road Initiative as the New 'Carrot or Stick' Policies

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# Preservation of the ASEAN Regionalism: Responding to the Belt Road Initiative as the New ‘Carrot or Stick’ Policies<sup>1</sup>

Hino Samuel Jose<sup>2</sup>

## Abstract

The increasing China's geopolitical and economic influence through BRI has impacted the global development landscape. The rising implementation of BRI in Eurasia, Africa, and Asia-Pacific has surrounded Europe and its Western counterparts into a new durability test against their regionalism. ASEAN as the unique strategic region in the emerging Asia Pacific is now being challenged with the presence of BRI and how can it impact the regional political and cooperation architecture. The carrot or stick approach that has been used by many scholars to perceive western Marshall Plan seemed to be reignited reflecting from China's trade war with Australia and the other countries. This article discusses the way ASEAN could navigate its regionalism amid the rising China's influence in post-RCEP adoption. Learning from Africa, ASEAN should be able to preserve its way and institutionalization of its regime in order to last amid the increased China's political economy influence in Southeast Asia through BRI. The implementation of BRI has also been impacting ASEAN efforts on South China Sea and Myanmar Crisis, which will open the question on how to play ASEAN way into its best role in Asia Pacific as the rising power.

**Keywords:** ASEAN; BRI; China; Regionalism; Political Economy; Development.

## Introduction

The global community cannot deny that the Asia Pacific is now becoming the emerging powerhouse of the new international political economy landscape. The mainstream study of ‘state transformation’ for instance has been mainstreaming the emerging power dynamics in today's scholarly debates (Hameiri & Jones, 2019). China as the rising global contemporary power implements its political economy strategies to strengthen its influence in and beyond the Asia Pacific through a new solution in pursuing growth. That particular solution as discussed by Hameiri and Jones (2016) is by penetrating their Chinese way of economic influence in transnational products and investment networks (Hameiri & Jones, 2016). This solution, called the Belt and Road Initiative (BRI), is the investment of a multibillion-dollar projects that were placed from Asia to Africa to increase China's economic connectivity and value-added political economy. The BRI projects in Africa alone, for instance, increased drastically since Covid-19 at a rate of 5.2% with the value of 132 billion USD in

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11 years span (2006-2017) (Ukpe, 2020). This could be seen as China's unilateral movement to challenge the world's renowned economic development principles which were called as "Washington Consensus" or WC that was developed by the US and the starting point where the new developmental paradigm (Kennedy, 2010). The WC itself was embraced as the model for countries to developing their own economy through foreign aids and loans that are being channeled by Bretton-woods financial institution, while the Beijing Consensus (BC) relied more into unilateral policy and embracing the multi-polarity of ideas (Jarso, 2018).

The rising power of the "Beijing Consensus" is now imminent with enormous government intervention that is motivated to outnumber the western's influence over the regional political economy landscape (Vangeli, 2019). As we know, western financial aid also comes with the rules where the debtor government should restrict their macroeconomic policies to ensure that the debt is well targeted and managed as part of the debtor's accountability (Shelton & Kebemba, 2012). On the other hand, BRI is more lenient and respecting the national macroeconomic policies' sovereignty, which made BRI under the BC consensus tend to be favorable for those states that wouldn't want to hustle themselves. The ASEAN regional political economy landscape currently is in need of FDI and foreign financial assistance as the region itself doesn't acquire the supranational power to collectively fund each country, this made BRI tend to be favorable in the region. However, the rising China power through BRI is disliked by Japan, along with the historic rival of China – Shinzo Abe argued in 2016 that BRI's financing through the Asian Infrastructure Investment Bank (AIIB) is not transparent and carefully assessed (Bhagawati, 2016). Although Japan challenged it and swore to reform Asian Development Bank, DIP. The Asian Development Bank (ADB) to challenge AIIB shortly in terms of development financing, the nexus between development-geopolitics-anti western notion can be concluded as the reconfiguration of China's expansionist strategy. This expansion is complemented by flexible financing and easier mechanisms which made countries targeted by China's BRI felt heavy enough to reject the offer, unlike the western strict OECD financing (Garlick, 2020). This multi-faceted and pragmatic approach makes BRI more promising compared to the historic Marshall Plan, while it also enhances Chinese land trade connectivity with the continued support from Chinese banks to Europe by utilizing the strategic economic corridor line (Hoque & Tama, 2020).

## Methodology

This brief is analyzed through a qualitative analysis that was based on document-based and internet-based research from secondary data source. This paper is discussing the issues and contexts guided by the following research questions: (1) How can ASEAN perceive BRI as it can be perceived as the

new carrot or stick policy; (2) What are the matters of regional disintegration caused by China's geo-economics and geopolitical interests; and (3) What ASEAN can expect from their regional dilemma? These questions pretty much guide the research in deliberating further the analysis in this brief.

### **BRI as the New China's 'Carrot or Stick' Foreign Policy**

When it comes to the discourse of Chinese foreign policy, Tianxia, or "everything below the sky" has to become the main driver of China's perspective in perceiving global affairs (Mingming, 2012). The implementation of the Belt Road Initiative (BRI) is now being seen as a progressive Tianxia construction of China's geopolitical interest in increasing connectivity of China with the other 70 targeted countries (Korwa, 2019). The increasing Chinese grasp within Africa and Asia has shown the signal that this effort has allowed China to redefine its bilateral relationship into a more ideal atmosphere suited to its political and socio-economic goals (Kavalski, 2009). BRI is also the single powerful Chinese riffle that can shoot bullets to its western alliance counterparts without opening a direct risky confrontation, while at the same time colluding with other states to exclude western's presence (Fels, 2017). This however will be another political and economic issue for ASEAN to thrive with its well-known complex regional principles. The absence of supranational authority in each ASEAN member state made enforcement and political solutions tend to rely more upon interdependence relations intertwined with the subject that being played on.

BRI can be perceived with the 'carrot or stick' approach by ASEAN learning from what happened in Africa. Through BRI, countries can acquire multi-million dollar infrastructure and investment projects, which will support the agenda of domestic development. In political science, the carrot or stick approach is perceived by the realist/ liberal thought as the means to influence a particular actor/ side to the direction of the actors with hard power abilities (Thayer, 2006). The implementation of carrot or stick has been the key solution used by major powers to achieve their agenda, for example, the EU tends to use the carrot-or-stick approach when dealing with human rights/ sustainability issues with other states – and same for the US when they are excluding Iran in the global supply chain (Akçay & Kanat, 2017). On BRI, the carrot or stick approach can be used when deconstructing the practices of BRI's investment in Asia and Africa when China slammed heavy tariff to Australia's export to China as its response to Aussie's cancellation of BRI's MoU in Victoria in April 2021 (Wood, 2021; Khaliq, 2021).

These events have reflected the true nature of carrot or stick, and as argued by Johnson (2018), China's BRI targets have been always directed to the least developing countries with tremendous unrealized development potentials (Johnson, 2018). The problem is that most of these African states

are struggling with political crisis, massive corruption, and bad governance – and it is irrational from a holistic view for states like China to keep investing without even expecting any payback. This investment seems to be a carrot for African states' development, however, with them unable to repay the debt, they must trade their strategic ports and mining locations to be handed over to China. This kind of exchange is a “stick” hitting the African countries, and many western countries argued that this debt-trap diplomacy has prolonged another nightmare and not bringing sustainable prosperity (Dianjaya, 2019).

### **ASEAN Regionalism Preservation: A View and Dilemma From Within**

Speaking with an inward-looking approach, ASEAN is a prone region, and the way of consensus-building became the main driver of the region's decision making. However, it doesn't include a way for ASEAN to prevent several overlooked issues like foreign intervention from non-ASEAN actors within the intra-regional affairs. ASEAN did come up with an answer when in 2016, ASEAN Adopted the Outlook on Indo-Pacific, which laid down the fundamental stipulations of ASEAN's new spirit to develop their regional ecosystem against contemporary challenges (Scott, 2019). The contention of China-US rivalry, the increased changes between ASEAN member inter-state relations, and Indonesia's growing role as the spearhead in ASEAN made regional instability imminent (Siahaan & Risman, 2020). However, the incorporated Chinese geopolitics in ASEAN have made it harder for ASEAN regionalism to prevail for a more firm stance against China's influence. For instance, China, Cambodia, and Vietnam tend to be more closer towards China – while Indonesia, Malaysia, the Philippines, and Singapore tried to pursue a stronger clause against China's intervention.. To understand this further, on the question of Myanmar for instance, China's strong interest in Myanmar's industries and the adjacent important geostrategy of China's connectivity to the Indian Ocean Region via Myanmar did affect the way ASEAN states interact on political issues. Myanmar need a more democratic solutions, but the aforementioned pressing matter on China's geostrategic importance made Burma's neighbor like Vietnam and Thailand to becoming more reluctant to pursue stronger democratic solutions for Myanmar 2021 crisis. Vietnam and Thailand are China's strategic trade and political partner, and their ties with China made their stance to be softer than and not as hardcore as Indonesia, Singapore, and Malaysia because they were evading from colliding with Beijing. These “turbulences” are now being “exacerbated” by China's growing BRI influence in Myanmar as the country needs more infrastructure until up to 9 billion USD in total (Hiebert, 2020). A tangible proof to describe this issue was the adopted 5 point consensus on Myanmar that seems weaker than expected by the public community. The consensus did not imply

any clause about foreign intervention, like what China did, and it also did not stipulate a firm democratic restoration that has been demanded by the people of Myanmar on their protests (Lee, 2021). Foreign intervention in Myanmar as we know will just worsen the condition as people's core issues can't be alleviated.

What ASEAN should expect is a prolonged stagnancy in the region with an increased role of China in Southeast Asia architecture, especially after the adoption of the RCEP. It is worthy to note that China was the first country that completed its RCEP ratification, even faster than Indonesia as the spearheader. The BRI is the key to answer the infrastructure development gap and to promote hyper-efficient infrastructure projects that cater to promising innovations, and this has made China become the strategic partner of 128 countries in the world. ASEAN, in reality, needs Chinese investment in BRI projects across the region because the unique geographic characteristics and its trade commonalities need China's BRI to achieve their ASEAN Masterplan on Connectivity/ MPAC (Chia, 2016). This is feasible if there is no protectionist posture that might surface against the flow of BRI's funding and noteworthy impact on domestic fiscal policies that are being incorporated with BRI funding (Foo et al, 2019). ASEAN has one dilemma, where ASEAN should be careful when opening their doorstep towards an external entity, because the more dependent ASEAN towards that particular entity, the harder it is to centralize ASEAN role. This is because the region will be unable to take a firm stance and feasible solutions as the regional stance will be disintegrated and divided by foreign hands. These kinds of disintegrated interests caused by foreign dependencies might struck the consensus-building and mutual trust among others to keep believing in ASEAN way. Especially with the fact that ASEAN cannot apply its minus X mechanism in a political matter, which means full consensus is required for any regional norm-setting process.

### **What should be done to preserve ASEAN regionalism?**

ASEAN should be able to imply strategic political measures, and this will be obscured by tremendous China's Tianxia policy. This kind of Tianxia, which was manifested through BRI, will become the key benchmark where China is able to embed Chinese foreign policy traditional historic vision in the changing global world order. It is worthy enough to be considered that this will weaken the ASEAN way of regionalism in moving forward to achieve its 2025 community blueprint. This will become imminent if ASEAN is no longer struggling for a more top-down approach to learning from another region. The BRI that has successfully bridged Asia and Europe through the Eurasia region is now being concerned by the Western European counterparts as China already knocked their front yard,



and ASEAN is now also struggling to enforce China to the ASEAN way game in the South China Sea and other high political issues.

Back to the carrot or stick notion, ASEAN should reconsider its role as a bridgebuilder in the new international setting as any attempt to strike China's financial means might result in another diplomatic headache with China. The carrot given by China will just be another stick that also devastates ASEAN efforts in resolving direct issues with China (for instance in the SCS). ASEAN cannot become a bridgebuilder as the rising regional power in the world of post-RCEP because China's grasp within the BRI in ASEAN will just show the world that ASEAN is incapable of handling its region – and how can it even handle a larger mega-trade agreement? However, ASEAN can still gain great momentum as BRI is not flawless either. ASEAN needs to realize that BRI's implementation seemed to be stagnant on several projects due to leadership regime changes (Zhexin, 2018). ASEAN has the urgency in embracing solutions and enforce intra-regional partnerships to ensure a great cohesiveness inside to prevent any leakage of regional spirit when encountering external partners like China. With the absence of the United States from the RCEP, ASEAN can still ensure that China is not provoked directly on their yard with the US' meddling on it.

## Conclusions

Now it is going to be a matter of ASEAN perception, it is up to the region to perceive it as China's good deeds or the other way around. One thing for sure, ASEAN shouldn't overlook even the issues deemed insignificant. ASEAN should scrutinize the way it decides their own regional fate, because if it is not controlled then it will fail to rejuvenate the regional values. And any failure in coping up with the contemporary challenges will bring ASEAN policymaking into another stagnancy as experienced by another region in the world such as the African Union that was obstructed by overwhelming multidimensional challenges. The Pan Africanism movement that was resounded by the African Union through its megaphone diplomacy only gives contradicting results. We can see their prolonged bad governance has disabled the region from thriving in Pan African prosperity shared values. Therefore, ASEAN shouldn't let the ASEAN Outlook on Indo-Pacific just standing there as a normative guidance without concrete efforts to defending it from external storms. In 2016 the region has been using their megaphone diplomacy to promote the shared vision stipulated within the Outlook on Indo-Pacific. Hence it is imperative for ASEAN to learn from the AU and overwhelming Beijing control that has caused the AU to lose their centrality. ASEAN's determination should be designed with an ideal way of cooperative mechanism that can allow the ASEAN Way of regionalism to co-exist with China's growing interest, whilst putting various efforts in contributing to positive growth

and safe political space for ASEAN. The way of protectionism against China is not the best policy option seeing from the US – where the withdrawal of the US from CP-TPP has weakened its relation with Asian countries that “loves” their partnership with the US. This has opened wider space for China to explore and gives new hope and policy assistance for the member states who require development cooperation and financial assistance. ASEAN should cater its regional cooperation to ensure that they will not fall into another debt-trap diplomacy or being pulled by loan to surrender their sovereignty like what happened to other BRI countries like Sri Lanka. All for the preservation of ASEAN Way in a new integrated Asia Pacific statecraft in a multipolar world.

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