



1 ONE BELT, ONE ROAD, MANY TESTS

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Introduction

The eyes of the world are on Asia and the Pacific islands as never before. This is where the world's main dramas are being played out that will set its course for decades to come. The key challenges that emerged last year remain powerfully present: economic nationalism, the contest between democratic and autocratic systems of governance, and the pressing global ambitions of the People's Republic of China (PRC) incorporated in its Belt and Road Initiative (BRI).

Augmenting these issues, three more have become prominent in 2019:

- Asian and other corporations are reviewing and already, in some manufacturing sectors, rebuilding their production chains to lessen their reliance on China as its rivalry with the US extends from skirmish to trade-war towards “decoupling”.
- The Pacific islands, effectively forgotten by the rest of the world since the wave of independence washed over the region in the 1970s, have been brought into play in the great global United States-China rivalry.
- Beijing, weaponising its economic heft, is setting countries a series of tests or choices to demonstrate their preparedness to behave as true partners—to which Washington is also responding to a degree, as national values and interests start to elide, and as technology platforms take on central roles in this competitive climate, as proxies for alliances that were formerly based only on trade or security.

Two forthcoming events in our region promise to play substantially into this framework:

- Japan's hosting of the Rugby World Cup and next year the Olympic Games, amplifying its already rising tourism popularity and cultural clout, which, with the massive new Japanese corporate regional investments and the growing détente with China, augur a re-emergence of its influence.
- Taiwan's elections on 11 January 2020 of its new president and legislative yuan (parliament), which will be watched especially closely in Beijing—with many analysts anticipating that bringing Taiwan in to the PRC is President Xi Jinping's greatest ambition, guaranteeing his permanent place as a “great” in the country's history. Taiwan has also been watching closely the protests in Hong Kong and the durability there of the “one country, two systems” formula. The program to “re-educate” the Muslim Uighur population of Xinjiang has also aroused growing international concern.

The neighbourhood, attentive to this mounting list of challenges, has been preparing itself to meet them by maintaining or placing in leadership politicians and parties that appear best equipped to provide stability, and also to guide their countries and economies through the difficult elision of values and interests.

Australia is among these states. The distinguished sinologist John Fitzgerald stressed this latter thrust toward values in the evolution of the country's foreign policy, in a July lecture for Griffith University's Asia Institute. He noted that Australia's *2017 Foreign Policy White Paper* marked a shift from formerly dominant folkloric values such as mateship and the fair go towards universal liberal values. ‘The earlier approach’, he said, ‘left Australia disarmed in dealing with foreign interference on Australian soil’ ...

We misled our friends in China by signalling in earlier foreign policy statements that Australians care less for human dignity, freedom, and rule of law than we do for jobs and growth. Leaving values at the door was always a values statement in itself ... Australia has every reason to continue engaging closely with China, across as many fronts as possible, partly to sustain trade and investment and people to people ties, but also to keep lines of communication open and to facilitate push-back when China's actions impinge on Australian values and interests.¹

The mid-year election result in Australia, while surprising many local commentators, was consonant with regional trends. It cemented in office a centre-right government led by a prime minister accorded greater political capital than any predecessor since Labor's Kevin Rudd, and thus in a strong position to instil effective Cabinet discipline, including over rhetoric potentially affecting international relations. This will be important as the investment-hungry country—consumption-dominated but dependent on commodity and, to a degree, service exports for growth—faces an economic slowdown following a 27-year expansion.

Australia's closest neighbour Papua New Guinea (PNG) turned over prime ministers, also in mid-year, with James Marape replacing Peter O'Neill, who had hosted the world's leaders to an Asia-Pacific Economic Cooperation (APEC) summit in Port Moresby in 2018. But Marape—like O'Neill representing a Southern Highlands constituency—started shakily, within weeks replacing key Ministers after restructuring his coalition, seeking direct funding from Australia and from China to relieve PNG's growing debt, and risking losing massive new gas investments by insisting on renegotiating recent agreements with Total and Exxon.

New Zealand's prime minister Jacinda Ardern cemented her own position with her global celebrity soaring following her solicitous response to the Christchurch mosque massacre, although her Labour party slipped in polling below the opposition Nationals as economic challenges increased and the delivery of government promises was postponed.

Indonesia's President Joko Widodo—centrist but now also accommodating a vice-president closer to fundamentalist Islam—was comfortably returned in April's elections, but with a considerably less ambitious program than he took to the polls in 2015. Growth has been stuck at around 5 per cent, reasonable but disappointing for an aspirational population. The Philippines President Rodrigo Duterte continues to strengthen his domestic position despite international condemnation for human rights abuses. Wins in the May mid-term elections will ensure he can complete most of his legislative agenda including slashing the corporate tax rate from 30 per cent to 20 per cent.

The army-led government that seized power in a 2014 coup cemented its control in Thailand, with former army head Prayut winning the March election despite questions about its fairness. Vietnam's communist party chief Nguyen Phu Trong, although now aged 74, has finally stepped clearly in front of former rivals—some of whom have been removed by corruption charges—as the country's paramount leader. Narendra Modi swept to an unexpected landslide win in India's May elections, with voters hoping that he will now move to implement delayed reforms and boost jobs and productivity.

Looking through the rest of 2019 to the next couple of years, Richard Martin, Singapore-based managing director of business analysts IMA Asia, anticipates:

Those countries capable of political stability, modestly good policies, and a capacity for domestic demand growth will do well. Exporter-driven economies will struggle. Those who score two out of three won't do well either. Fortunately, quite a lot of Asia has a chance at pulling off all three, so we retain our outlook for sustained growth for Asia in a more difficult global environment.²

Asia's growth engine shape-shifts

Back in 1993, a World Bank report hailed the East Asian Miracle through which the Four Tigers—South Korea, Taiwan, Hong Kong and Singapore—had achieved a rare leap out of the “middle-income trap”. Just 12 of the 101 countries, including China, that have reached World Bank-credentialed middle income status since 1990 have progressed further, into prosperity. But those within the region aspiring to follow the Four Tigers have been helping each other edge upwards in a team effort, as companies have called on the comparative advantages of many countries to build the great supply chains, based on cutting-edge infrastructure and logistics, that has reduced inflation in the international economy while boosting global consumption.

In most cases, the logic of wage costs, of the clustering of sectoral businesses, and of the spread of trade deals, has led to the assembly of products in China since it joined the World Trade Organisation in December 2001. But this is now starting to unravel. This was already under way in the diminishing areas of high labour-intensive industry, as the cost of wages and of other mandated employee benefits began to climb in China, and as regulations—some environmentally-driven—toughened. But now the owners of some assembly plants that had already switched to greater automation, including robotics, are also considering relocation.

This is chiefly because of the US-China “trade war” that has featured mutual tariff raising—a major blow to those many companies that have based their success on gaining market share, almost regardless of the profit margin. In some cases, tiny profit margins have turned net negative as a result of the new import costs. Hoping the war would prove short-lived, many firms at first opted to internalise the new costs rather than impose them on the consumer. But it began to look, as 2019 wore on, and especially after the G20



summit in Osaka, that rather than a skirmish, a battle, or even a war, a de-coupling is now under way—with American (and possibly other Western) tech companies providing, for instance, one internet platform while Chinese firms offer another.

This is creating a massive challenge for China, for which continued economic success is perceived as inevitable by more outside the country than within. At present, its GDP per capita ranks just under 70th in the world. It is on course for success in its Xi Jinping-assigned task of doubling its economy in the decade to the end of 2020, but that would still only set it up for what it labels “moderate prosperity”. Xi and his communist party colleagues are well aware of every Chinese family’s ambition “to get rich before we grow old”.

John Scannapieco, co-leader of the global business team at major American law firm Baker Donelson, told Forbes magazine that at the end of 2018 only a single company, among his clients, was preparing to source from outside China. But in late June 2019, he said: ‘they are all thinking about it now. Unless you’re in China to sell to China, why be there? It’s becoming too much of a risk’.³

Production costs may be cheaper in alternatives—led by Vietnam, with Thailand, Myanmar, Cambodia and India also in the mix. Few are thinking of re-establishing plants in the US itself. Is Vietnam becoming “the new China”? Japanese and Korean investors have been active there since it joined the World Trade Organization (WTO) in 2007, and those from Hong Kong and Taiwan—the chief drivers of China’s own original industrialisation wave—have been following, especially since the US trade war gained momentum.

But as Gavekal’s Tom Miller pointed out in July, Vietnam ‘has limited ability to absorb new manufacturing capacity’, already having become the most export-intensive economy in the world except for entrepôts like Hong Kong and Singapore.⁴ And the danger lurks that the US will respond to the already discernible jumps in exports from Vietnam and elsewhere in the region as the equivalent of tariff-dodging, even if the goods have been transformed or assembled there rather than merely trans-shipped from China. Vietnam can move up the value chain—but, Miller said, it will ‘never be able to steal more than a sliver of China’s export cake’.⁵

The PRC itself, however, risks a gradual export death comprising a thousand such slivers. This cannot easily be countered by shrugging off the importance of exports, or by stressing instead the growing role of domestic consumption in the economy. Miller’s colleague Andrew Batson says that the way that incomes and technological prowess in Japan, Korea and Taiwan have risen shows that exports are not important simply as a source of aggregate demand. Rather, exports are a way to apply market discipline and pressure for technological upgrading on domestic economies whose institutions would otherwise struggle to generate the same results:

Selling into the global market forces local companies to compete against the best the world has to offer. They have to continuously upgrade their products or be left behind. Export discipline generates the technological progress and productivity gains that boost national incomes. In the Chinese context, exports are particularly important as a way for the private sector to compete and grow away from the influence of state-owned enterprises and local protectionism. About 90 per cent of China’s goods exports come from non-state companies, so it is these firms that will suffer the most from the trade conflict with the US. And damaging the private sector cannot be good for China’s long-term prospects, since it drives most of the country’s productivity growth.⁶

If China had dismantled domestic barriers to competition and restrictions on foreign investment, refocusing on its own market might counter damage inflicted by a trade war. But, Batson says, 'it's not true of China today'.⁷ And even if a trade deal gets done—perhaps unlikely until after the 3 November 2020 US presidential election—lurking behind it is the prospect of a far more enduring US-China tech war, providing an even greater challenge for the great Asian supply chains and powerhouse global corporations that have come to depend heavily on common platforms smoothing the path to collaboration and best-practice business.

Taiwan chooses

The voters of Taiwan—which has about the same population as Australia—will on 11 January 2020 choose a new president and Legislative Yuan or parliament. Beijing's leadership will be hoping that Han Kuo-yu, the candidate chosen in July by the Kuomintang (Nationalist) Party, which was during their own communist party's early years its "big sister", can pull off another surprise win following his remarkable November 2018 victory to become mayor of the second city, Kaohsiung, long a "green" (Democratic Progressive Party) stronghold.

The populist, media savvy Han comfortably defeated Terry Gou, the globally famous founder of Foxconn, the manufacturer of most Apple products, in the Kuomintang primary. But his prospects are now complicated by the events in Hong Kong, which has long been held out by Beijing as a model for the way Taiwan can also be brought into the People's Republic of China, under the "one country two systems" formula.

The apparent distaste of China's Xi Jinping for this "old era" settlement negotiated by Deng Xiaoping with Margaret Thatcher (Xi's key philosophy being his 'Thought on Socialism with Chinese Characteristics for a New Era') has seen a steady tightening of Beijing's influence in Hong Kong. This has culminated in the Hong Kong protests, bringing millions into the streets, at first against legislation to permit extradition to China and then for broader goals including more accountable government. In Taiwan, Han's opponent will be the starkly contrasting, rather intellectual incumbent, DPP leader Tsai Ing-wen, the first woman president.

Beijing wants to see Hong Kong quieten before the Taiwan vote, and has disciplined itself to avoid stoking the fires of those it views as opponents, not only in Hong Kong but also in Taiwan, especially the ruling Democratic Progressive Party (DPP).

The PRC believes that the DPP at heart seeks to progress from Taiwan's present de facto independence to a formally declared independence, a red line against which it has constantly warned. The Kuomintang struggled in national contests after Ma Ying-jeou completed his two presidential terms in early 2016, and lost control of the parliament too. But the party regained control of 15 of Taiwan's cities and counties last November and now has ambitions to win the parliament as well as the presidency—as long as Hong Kong's turmoil does not push undecided voters into the DPP's arms.

Pacific islands rediscovered

The Pacific islands have suffered since their “discovery” by European scientists, opportunists and explorers in the late 18th Century: the dubious distinction of being branded a “paradise”, whose inhabitants were said to live out the philosophical dreams of French writer Jean-Jacques Rousseau. That template remains extant, indeed reinforced, by post-colonial discourse that this ideal world was destroyed by the islands becoming swept up in the 19th Century imperialist drive to establish national sovereignty and delineate borders throughout the world.

A suite of European powers—and also Japan and the US—gathered colonies in the Pacific, investing little in what were mostly afterthoughts, reluctantly acquired following merchant lobbying. They were largely given their independence in the 1970s, in a wave that followed the African decolonisation era, and have attracted scant global attention since, except among those working in the development sector. The island states’ “tyranny of distance”, their small populations scattered around a great ocean, and their lack of infrastructure or, for the most part, adequate educational inputs, swiftly led them to rely significantly on aid for their modernisation. The Pacific region is the most aid dependent in the world on a per capita basis.

Despite the best efforts of the Pacific Islands Forum that represents all the island countries and Australia and New Zealand, these nations have been reluctant to cooperate closely to enhance economic opportunity—except in seeking to maximise fisheries revenues, where they have enjoyed some success, especially with tuna, which is abundant in the region. A trade treaty that would allow the free flow of goods and, to a degree, services and investment within the Pacific, the Pacific Agreement on Closer Economic Relations (PACER) Plus has remained under negotiation for a decade without resolution.

Japan has retained a strong connection with the region, inviting Pacific leaders to a regular summit chaired by its prime ministers. France has declined to relinquish its colonies, as it has done in most of the rest of the

world, and has maintained three island groups as “overseas territories”—although step by step, it appears likely to “lose” New Caledonia in time. Australia and New Zealand have nowhere else to go, but the former in particular had lost interest; while many businesses, church groups and sporting organisations maintained their links, Canberra, including its political, diplomatic and military establishments, has largely let the islands slip as insignificant, with ambitious members of those establishments determining that a focus on the Pacific would lead nowhere in career terms.



Enter the People’s Republic. From a standing start, in the 21st Century China has swiftly become the second biggest aid donor to the Pacific, after Australia. Many senior Chinese political and corporate figures, such as the Guangdong party secretary Li Xi, have visited the region in the last couple of years—led by President Xi Jinping, who attended the APEC leaders’ summit in Port Moresby in 2018, following a state visit to Papua New Guinea.

All of China’s eight diplomatic allies in the Pacific—Papua New Guinea, Fiji, Cook Islands, the Federated States of Micronesia, Niue, Samoa, Tonga and Vanuatu—as well as New Zealand, and the Australian state of Victoria, have signed China’s memorandum of understanding that pledges support for the BRI. The six other island states recognise Taiwan. Illustrating the extent of the new rivalry for influence in the region, the Port Moresby APEC summit failed to conclude with a communique, principally because China and the US could not agree on wording over the future for global trade.

Since then, Australia, New Zealand, the US and France have each pledged a new commitment towards Pacific island states, underpinned by a range of development support programs. Australia has further stressed its desire to invest in security in the region, including by helping Fiji and Papua New Guinea enhance naval bases—although island governments continue to state publicly that their chief security challenge comprises combatting climate change. Islands politicians have in past decades proved adept at fostering otherwise lacklustre international interest by playing off rival powers against each other. In this context, it remains to be seen how effective the fresh interest will prove in leveraging political rhetoric and increased high-level visits into a genuine boost for regional prosperity. Concerns are already being raised about the risk of the resulting rising debts exposing key assets to foreign ownership and economies to burdensome repayments.



Japan hosts the world

Japan is by a long way the fastest growing tourist destination in the world—the numbers rose by 334 per cent between 2010 and 2017 to 28.7 million, and are now soaring again, through 31 million in 2018 and beyond, boosted in 2019 by the Rugby World Cup followed by the Summer Olympics in Tokyo in 2020.

Japanese corporations continue to invest heavily in South East Asia, in China and in India—and have overtaken Britain to become the second largest investors in Australia after the US. They are doing so through mergers and acquisitions and through greenfield projects, in comparison with Australian investments in Asia, which remain overwhelmingly through hands-off portfolio placements rather than direct engagement.

Reflecting this embrace by and of the world, which is now beset by protectionism, Japan has emerged as Asia's champion for freer trade and investment, including leading the survival of the TPP after Trump walked away from it. Analyst Walter Russell Meade wrote in the Wall Street Journal that Tokyo is taking this step, however, in a rather special way:

Japan is a major trading nation that lacks America's unique leverage in the international system, so its decision to mix politics with trade marks a dramatic shift in national strategy. The clear presumption is that Japan expects a continued weakening in the rules-based international system and it is looking to maximise its advantages in what can only be called a Trumpian way.⁸

Shinzo Abe—who becomes on November 20 the longest serving prime minister since parliaments were instituted in Japan during the Meiji Restoration—hosted at the end of June the G20 summit, where China's Xi Jinping accepted his invitation for a state visit next northern spring, in 2020, capping a slow thaw in the long-frozen relationship between the countries.

This thaw has been triggered in part by the need to recalibrate relationships in the light of the possibly extended Trump presidency. The widely held sense of a lack of White House commitment to the region with its complex histories has also seen scarcely-suppressed animosities start to peak once more, with relations between Japan and South Korea sinking to 21st Century lows—leading Tokyo to impose economic sanctions after South Korean courts ordered Japanese firms to pay compensation for forced World War II labour.

Tobias Harris, senior vice president at Teneo Intelligence and a fellow at the Sasakawa Peace Foundation, describes the dominant features of Japanese democracy during Abe's tenure—despite his political success—as 'voter apathy and the moribund state of inter-party competition' resulting in 'a kind of managerial democracy': one that, however, much of the world finds especially attractive right now.

Tests of loyalty

The countries of Asia and the Pacific are starting to reassess their core interests and values, as they come under increasingly intense scrutiny from the great powers to confirm their loyalty. This is driving growth in diplomatic traffic as other countries seek to participate in coalitions of either interests or values, or both, that can reinforce their own capacity to meet the growing challenges resulting from the great China-US rivalry. The “Make the US Great Again” priority of the Trump White House, and the determination of the PRC to ensure its international respect reflects its unquestionable domestic authority and its economic heft, are destabilising decades of assumptions about the broadly enduring, beneficial results of globalisation.

Beijing, weaponising its role as the top trader with most of the world, especially through its BRI, is setting countries a series of tests or choices to demonstrate their preparedness to behave as true partners in a broader sense. In its restless search for friends, including to help shelter it from criticism, in July it obtained the signatures of 37 governments supporting its controversial “re-education” measures in Xinjiang, in response to a letter signed by 27 countries expressing concern. Those worried about China’s policies towards the Muslim Uighurs of Xinjiang included, from the Asia-Pacific region, Australia, Japan and New Zealand, while those expressing support for Beijing included Myanmar, North Korea, Cambodia, Laos, the Philippines, Pakistan, Tajikistan and Russia.

China’s bothersome borderlands

The International Campaign for Tibet (ICT) has expressed concerns that ‘the teachings, values and practices of Tibetan Buddhism, which are integral to Tibetan identity, are facing an unprecedented attack in Tibet due to a five-year plan announced by China at the beginning of this year to sinicise Buddhism’.⁹ This new political direction is supported by what the ICT calls ‘a dystopian system of high-tech surveillance and policing of monasteries and nunneries’.¹⁰

And in the largest of the Chinese borderlands, Xinjiang in the north-west, more than a million Muslim Uighurs have been taken to “re-education camps” to immerse them in Han Chinese culture. It has been reported that ‘China is deliberately separating Muslim children from their families, faith and language’ in the region, with ‘a rapid, large-scale campaign to build boarding schools under way’.¹¹

Beijing, determined to exercise central control and affirm its sovereignty over its troublesome borderlands, not only in Tibet and Xinjiang in the west, but also Hong Kong and Taiwan in the south, aiming steadily to reel the latter in, is adding huge new confrontations to its myriad of other challenges at home and internationally. But President Xi Jinping has yet to take a backward step.

Debates about such international concerns were formerly confined chiefly within academic and diplomatic circles. Some said that nations should in a *realpolitik* manner seek primarily to pursue their interests, others that they should be prepared to risk economic cost in championing their values—especially those perceived through the United Nations and elsewhere as universal values—wherever they appeared under attack. Now, an argument is growing that as disagreements become fiercer between liberal democracies and autocracies, affecting their economies as well as their security, national values and interests are starting to elide, and that both should be weighed in measuring where, how and when to engage internationally.

Singapore's Prime Minister Lee Hsien Loong—one of the few leaders in the region in 2019 with a capacity to develop this discussion—made an important contribution in his speech opening the Shangri La Dialogue on 31 May 2019. He said:

Our world is at a turning point. Globalisation is under siege. Tensions between the US and China are growing. Like everyone else, we in Singapore are anxious. We wonder what the future holds, and how countries can collectively find a way forward to maintain peace and prosperity in the world.¹²

International frameworks like the WTO and the United Nations Convention on the Law of the Sea (UNCLOS) had, he said, 'established rules, managed conflict, balanced competing interests, and fostered cooperation between countries'.¹³ As China's economy took off, it became a growing partner of the Association of Southeast Asian Nations (ASEAN) countries. How it and the US now work out their tensions and frictions will define the international environment for decades to come:

China must now convince other countries through its actions that it does not take a transactional and mercantilist approach, but rather an enlightened and inclusive view of its long-term interests ... and implement timely changes that bring about greater reciprocity and parity with its trading partners ... Similarly, in security it is natural that China would want to become not just a continental power but also a maritime power.¹⁴

But 'to grow its international influence beyond hard power, China needs to wield this strength with restraint and legitimacy, and the rest of the world too has to adjust to a larger role for China'.¹⁵ The US, as the preeminent power, has the most difficult adjustment to make. But it should nevertheless seek to integrate China's aspirations within the current system of rules and norms. This is made harder because US businesses feel let down that, despite rhetorical promises, China has not adjusted its policies on trade and investments, and in fact systematically disadvantages foreign businesses operating in China, while Chinese businesses operate uninhibited in the US.

In China, views are hardening too, with some seeing the 'US as trying to thwart China's legitimate ambitions'.¹⁶ Prime Minister Lee identifies the fundamental problem as the mutual strategic distrust between both powers. But, since all of US allies in Asia also have China as their largest trading partner, every strategic option faces challenges, though opportunities do also present themselves:

They want to be friends with both: to nurture security and economic ties with the US, as they grow their business links with China ... There are many opportunities for smaller countries to work together to deepen economic cooperation, strengthen regional integration, and build up multilateral institutions.¹⁷

One of those institutional channels is the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP), the high-end economic agreement that pushed on past the US withdrawal, under the leadership of Japan and, to an extent, Australia, and which Lee notes may soon also include South Korea, Thailand and a Brexited Britain. China is also watching closely, Lee added, hoping that it will consider joining—and that a US administration might re-think playing a role. The Regional Comprehensive Economic Partnership (RCEP), which never contained the US from the start, appears unlikely to overcome its innate hurdles led by India's reluctance to dismantle agricultural protections. Lee urged China to make the BRI—which is backed by Singapore—'open and inclusive', to prevent the region becoming 'a closed bloc centred on a single major economy'.¹⁸ He concluded that 'to expect every country to adopt the same cultural values and political system is neither reasonable nor realistic' and that 'there is much we can learn from one another', including from the differences in values and systems.¹⁹

Lai-Ha Chan, an academic at the University of Technology, Sydney, in an April 2019 paper for the university's Australia-China Relations Institute, suggests 'strategic hedging' as an option for Australia: 'a combination of engagement and indirect/soft balancing strategy, to insure itself against the potential of China's regional domination amid uncertainty about US strategic commitment to the Asia-Pacific region'.²⁰ Insofar as this might encompass the concept of building "a free and open Indo-Pacific" (a regional descriptor at last starting to gather a life of its own), it is liable to meet implacable opposition, however, from Beijing. Vice Foreign Minister Le Yucheng told the Financial Times in an interview in September 2018:

We are firmly against attempts to use the Indo-Pacific strategy as a tool to counter the BRI or even contain China. We hope to see parties working in concert rather than pursuing their own agenda and undercutting each other's efforts. If that's the case, instead of one plus one equals more than two, the result will be one minus one is less than zero.²¹

Yang Wenjing, director of the American Studies Centre at the China Institute of Contemporary International Relations, said at a seminar in Beijing in July that China had long developed strong economic interdependency with America's allies: 'So even if the US wants to isolate China and decouple from it, those countries can hardly bear the cost, and will restrain such moves'.²² This challenge has only just begun, however, and is set to spread into a great array of economic and social activities. Formerly, disagreements played out only in trade or security arenas, but are now already extending into other core elements of contemporary life such as technology platforms, with Huawei, Tencent and Alibaba effectively licensed to advance Chinese interests globally, along with their own corporate interests.

The Economist listed the fractious problems plaguing South East Asia as 'slowing growth, ageing populations, wobbly democracies, inadequate social safety-nets, endemic corruption and the ever-present shadow of China'.²³ Euan Graham, executive director of La Trobe Asia, summarised: 'Squeezed by US-China rivalry, smaller countries are bemoaning their constricted room for manoeuvre. They worry that the open and inclusive regional architecture that has long prevailed is looking more like rival encampments under construction'.²⁴

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