CHATHAM HOUSE

Network Power in the Asia-Pacific: Making Sense of the New Regionalism and the Opportunities for Cooperation

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Introduction

The Asia-Pacific region continues to increase in geopolitical and geoeconomic importance. The rise of China and tensions with the US are affecting bilateral relationships and traditional alliances in the region. Whether seen from the perspective of the 'Quad' (Quadrilateral Security Dialogue – comprising Australia, India, Japan and the US), of the Indo-Pacific concept embraced by a wide range of countries (although with no shared consensus on its meaning and objectives), or of ASEAN, insistent on the importance of its own centrality, the region is redefining and reconceptualizing itself.

With a diverse range of initiatives – including the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) –a plethora of regional agreements and institutional groupings has arisen: these, in turn, add further complexity.

While the international financial architecture established in 1944 by the Bretton Woods agreement continues to be dominated by Western powers, China is also spearheading parallel governance initiatives such as the Asian Infrastructure Investment Bank (AIIB), the Belt and Road Initiative (BRI) and the Shanghai Cooperation Organisation (SCO) as a means of enhancing its geopolitical and geoeconomic influence.

This one-day conference, held at Chatham House on 7 February 2020, focused on how such networks and alliances have been built, and sustained, in the Asia-Pacific region. In order to understand how new initiatives might open up opportunities for new forms of international cooperation, the conference focused further on the themes of cybertechnology and innovation; sustainable development; and mitigating the impacts of climate change and new infrastructure initiatives.

Opening session | Networks and cooperation in the Asia-Pacific

Tanvi Madan opened the discussion by outlining three principal trends prevalent in the Asia-Pacific region. First, she noted that relations in Asia are currently much more competitive than they were a decade and a half ago. This is partly due to greater connectivity, which has exacerbated, rather than relieved, competitive tensions in certain parts of the region.

Second, the region has seen a blurring of the dividing lines separating its subregions. While this is linked to increased connectivity, it has also resulted from the expanding interests and capabilities of major powers in the region. China has been increasingly operational in the Indian Ocean region, both economically and militarily; India has become more active in Southeast Asia, including in terms of defence capacity building; and Japan's economic engagement now extends across a wider range of countries than has historically been the case – including to Africa.

Third, there has been a trend towards what has been perceived as increased Chinese assertiveness in the region. Some states have expressed concerns over a number of unilateral changes to the status quo by China, including the declaration of an Air Defense Identification Zone (ADIZ) over the East China Sea, island-building in the South China Sea, and a number of boundary incidents; questions have also been raised regarding China's rejection of the July 2016 ruling against its claims in the South China Sea by a tribunal established under the UN Convention on the Law of the Sea (UNCLOS) – and, consequently, regarding its respect for international law.

Madan continued that the rise of major and middle powers other than China within Asia has also added to the region's competitiveness, causing tensions between countries with overlapping peripheries. The return of nationalism to the region – whether in the form of economic protectionism, or identity issues – has also added to tensions, as well as other concerns such as terrorism and nuclear proliferation.

Added to this are the implications of increased US–China competition in the region, causing states to balance, hedge or bandwagon their relations with both superpowers. All the while, these issues need to be balanced by the needs of a continent that remains deeply integrated and interested in further integration, as evident through connectivity initiatives such as CPTPP and RCEP, as well as through increasing flows of people between countries in the region for the purposes of tourism, education and work.

This complex environment has led many to question the utility of existing networks and alliances and ask what new mechanisms might be required. Existing institutions may be criticized for failing to involve the right actors; not having the right enforcement mechanisms, whether in the economic, security or human rights spheres; and lacking capacity to deal with new issues, such as those in the technological sphere. Madan continued that existing mechanisms also have an insufficient capacity to reflect the changing role of various actors in the region. She highlighted questions over the strength of the US commitment to its allies in the region, but also over the changing role of countries such as Japan, which has taken the lead on the CPTPP following the US withdrawal from its predecessor, the Trans-Pacific Partnership (TPP), and India, which is now increasingly active beyond South Asia.

Madan noted that the inadequacy of existing mechanisms has led to several outcomes. On the one hand, new network partnerships have emerged that further bilateral, trilateral and quadrilateral integration, and more issues-based floating coalitions have been formed. On the other, the region has seen the formation of new institutions, such as the AIIB and the TPP/CPTPP, as well as new initiatives and concepts, such as the BRI and visions – embraced by various countries – of a 'free and open Indo-Pacific'.

Moving forward, Madan questioned whether these new initiatives will help to alleviate the challenges facing the region, or if they will exacerbate them; whether the region can see continued economic integration on the one hand, and security and technological fragmentation on the other; and how countries and mechanisms will need to adapt should US–China competition continue to intensify. To conclude, Madan commented that, despite talk about fragmentation and decoupling, Asia remains a very integrated region, and issues such as the 2019 forest fires in Australia and the COVID-19 pandemic of 2020 are a reminder that some situations will require tackling together, rather than by individual countries working alone.

Carlo Bonura focused his presentation on ASEAN and its role in understanding power networks in Asia. He began by highlighting the enthusiasm for multilateralism as demonstrated by the Southeast Asian leadership over the past 15 years. Southeast Asia has taken a leadership role in both RCEP and the TPP/CPTPP initiatives; region-wide support has been given to the AIIB; leaders have engaged in annual forums such as the ASEAN Regional Forum and East Asia Summit. At the individual country level, Indonesia has played a leading role in the development of the blue economy, while Vietnam and Singapore have concluded free-trade agreements (FTAs) with the EU.

Bonura identified four possible reasons to explain the region's enthusiasm for multilateralism, emphasizing that there is no single explanation. First, regional interest is trade-driven, with countries hoping that increased cooperation will lead to FTAs. Second, it is security-driven, in that small countries can gain geopolitical leverage by banding together (although it could be argued that this leverage is rarely utilized, particularly on the issue of the South China Sea). Third, as posited by Singapore, multilateral

agreements form the bedrock of the rule of law, and increased multilateral engagement results in fewer disputes. Fourth, multilateral initiatives arise from norm-based expectations, i.e. that this is how good states behave: the more agreements that are signed, the clearer the indication to the rest of the world that Southeast Asia is easy to deal with and is available to engage in similar partnerships in future.

ASEAN has developed a very elaborate mechanism for regional diplomatic initiatives, especially at the ministerial level, covering a range of 'limitless' issues from defence and tourism, to drug-trafficking and culture. However, despite all this activity, there is very little evidence of impact on the ground. Bonura outlined two reasons for this:

First, the issue of effectiveness. Issues such as the South China Sea territorial disputes and the Rohingya refugee crisis have highlighted the difficulties faced by ASEAN countries in coming together to provide effective solutions, even where regional agreements are in place. For example, despite the conclusion in 2002 of the ASEAN Agreement on Transboundary Haze Pollution, which attempts to address the annual regional haze from Indonesian peat fires, there remains very little that ASEAN can do at provincial or district levels to influence peat-burning activity taking place in Indonesia.

Second, the issue of legitimacy. Bonura commented that there has been no effort made to connect ASEAN as an organization to the citizens of its member states, to the extent that many Southeast Asians have little familiarity with its work. He concluded by stating that while the power of ASEAN is substantial, in terms of its formal institutional capacity to produce relationships, it remains highly limited in terms of its effectiveness and legitimacy.

Yu Jie's presentation focused on China's strategy in terms of creating a regional network and organizations. She noted that because of the sheer size of its economy, there is no need for China to accept the current 'rules of the game', established since 1945, adding that this would be the case even without Xi Jinping in power as President. While many observers have argued that China has become a revisionist power, in Yu's view it can only be considered revisionist in a partial sense, as China has been very selective regarding which areas it would like to revise, and which it would like to keep as status quo. China wants to be considered a leading voice for the global developing world and has advocated for increased voting rights and extra chairs within existing financial institutions such as the WTO and the World Bank.

Giving the example of the AIIB, Yu commented that while it is often set in opposition to the Washington consensus-led organizations of the World Bank and Asian Development Bank (ADB), there are in fact very few differences between the institutions in terms of financing structures and the types of infrastructure projects supported. These examples demonstrate that China has chosen to adopt certain rules and work within the frameworks of existing international financial governance structures.

There are nevertheless areas in which China clearly prefers revision, for example, on issues of cybersecurity and cyber sovereignty. Xi's vision is that each country should have complete sovereignty over managing its internet affairs, and China has been active in trying to revise the rules of cyberspace governance. China can thus be seen to be selective regarding the areas in which it prefers a revisionist approach and those in which it is prepared to work within existing frameworks.

There are, however, several factors that could disrupt the balance of networks in the region. Yu commented that the COVID-19 pandemic will disrupt supply chains for many industries in Southeast Asia, and it is unclear whether institutions such as ASEAN and RCEP will have the necessary funds and mechanisms to deal with the crisis. There is also the critical issue of trust, which remains low in the region, particularly among countries in East Asia, and whether this can be built up in future. Finally, there

is the issue of sluggish Chinese economic growth. Over the past 15 years, double-digit growth has enabled China to hold much economic clout in Southeast Asia; without this, it is uncertain how much influence China can continue to have over this part of the region.

Session one | Cyber and innovation: 5G and information and communications technology (ICT)

Pauline Neville-Jones began by stating that, while there are questions worldwide about how technological competition is influencing life, it will have most impact in Asia. On the topic of 5G, she asserted that the extent of the networking and interactivity that will be enabled by this technology will have a major impact in excess of any of the technologies that have been experienced so far. As one of the enabling technologies of the next 20–40 years, 5G will provide the foundation for quantum computing, extra speed and much greater capacity to link. It will link both human beings and economic infrastructures on an extensive scale. Countries will need to ensure they have enough power and the necessary supply of human skill to flourish in a 5G world.

Neville-Jones continued that such a vast network must rely upon its dependability, availability, technical reliability and integrity in order to function. While this may not present unfamiliar challenges to manufacturers and users, the scale of 5G is immense – in terms of the links between security, society and way of life – that governments will have to take a much closer interest in their suppliers. She noted that, because China has been using technology to fashion its society in ways that raise challenges for the politics of other countries, choices over technology will be increasingly linked to security, not just cost, which has been the previous driver. These developments add up to major decisions on the part of countries that are now moving into this next stage of technological development. In the UK, the arguments regarding 5G development speak to concerns that a network supplied by Huawei would not be secure.

As western democracies become less short-termist in their decisions about technology supply, there will also be new risks in the West of the imposition of controls on technology exports; tighter conditions on inward investment into technologically significant companies; and, potentially, more stringent terms on access to research in universities, and over joint research in key technologies. Neville-Jones asserted that, as the balance between cooperation and competition swings towards the latter, there is likely to be increased trade protectionism and reduced economic integration. She commented that it remains unclear how countries in the Asia-Pacific would respond to this more antagonistic and fragmented world, and how they would view their own security in this context. She concluded that, while this situation is not inevitable, much will depend upon the behaviours of both China and Western governments, and whether they will aim to increase mutual trust or not.

Shashank Joshi's presentation focused on the 5G debate in the UK, and how this has fed into broader technology competition in Asia. He began by asserting that while there is universal agreement that involving Huawei and other Chinese vendors in 5G systems presents a high degree of risk, there are wildly divergent views among countries regarding the risk implications. This includes among those countries participating in the Five Eyes intelligence-sharing alliance (Australia, Canada, New Zealand, the UK and the US), which have typically been viewed as the closest of partners for 70 years. Assessments differ, not just on the degree of the risk, but also on the extent to which that risk can be mitigated, if at all; there are also differences regarding understanding of the basic functioning of networks (for example, whether 5G networks have a meaningful 'core' and 'edge', as previous networks have done, and whether vendors working at the 'edge' of 5G can effectively be excluded from the 'core'). In the UK, the decision has been taken to allow Huawei access to 35 per cent of what it claims is the 'edge' of the network, seeking to

completely exclude it from the 'core' as well as from specific geographical areas. While the UK has chosen a risk mitigation approach, Australia, for example, has chosen to follow a path of risk elimination in this context.

Joshi went on to highlight that while there is much discussion in the US about technical risk, including concerns over espionage, security of data and denial of service (disruption), these in fact do not form the largest concern. Much greater are the concerns regarding the broader issue of China's role in global technology supply chains and its potential influence over building the infrastructure of the future internet. There are concerns that 5G will represent 'the thin end of a wedge' that will see Chinese technology used more broadly, including in countries that do not have the same ability to mitigate risk in the same way that the UK does. Joshi noted, however, that a counterargument, suggests that the exclusion of China from technological supply chains could, in fact, accelerate the development of a 'splinternet'.

5G therefore forms part of a wider debate on the future governance of the internet, pitting those who favour strong internet sovereignty against those who value more open models of the internet. It also bleeds into areas beyond telecommunications, such as technology standards. Officials in the US and elsewhere are keen to compete more intensively in the standards space, not just for the purposes of setting and shaping standards, but to support an industry in the West that could one day compete with China.

To conclude, Joshi commented that it is important that ICT and cyber issues are viewed as connected issues. Questions over 5G and telecommunications, cybercrime and cyber espionage, data localization and norms of responsible behaviour in cyberspace all come down to the same core issues of internet governance and competing models of internet sovereignty. While these debates are developing rapidly, including within countries that were not typically part of cyber debates 15 years ago, the fundamental uncertainty about the underlying technology remains strong.

In contrast, **Mihoko Matsubara** took a more optimistic approach, focusing on innovation from Japan and the Asia-Pacific that is taking place 'beyond the internet'. She highlighted two main pillars of development occurring in this sphere. The first focuses on movement from electronics to photonics, to achieve technologies with higher capacities, but also with lower power consumption and latency. The second focuses on a move from digital to 'natural' technologies, which will help to bridge the digital divide, eliminate stress and provide new horizons for innovation.

Matsubara continued by highlighting the development of the IOWN (Innovative Optical and Wireless Network) as a new concept focused on sustainable and environmentally friendly growth. She noted that the IOWN Global Forum, launched by Sony, Intel and the Nippon Telegraph and Telephone Corporation (NTT) in October 2019, provides an opportunity to bring together engineers with non-technical stakeholders, such as social scientists and philosophers, for open dialogue. In doing so, it seeks to increase mutual understanding of technological concepts under development to ensure that innovation becomes embedded in national-level strategies.

Matsubara also gave the example of the Blue Dot infrastructure network as a global collaborative initiative originating from the Asia-Pacific region. Blue Dot, which was launched by the governments of Japan, the US and Australia in November 2019, seeks to promote global standards on infrastructure projects, ensuring that they are market-driven, transparent and financially sustainable. She closed by noting that the network is based upon the G20 Principles for Quality Infrastructure Investment (QII), agreed earlier in 2019, and is open to all countries that agree to these principles.

Session two | Sustainable development and climate change – including marine plastic waste

Guo Jiangwen's presentation highlighted regional cooperation initiatives on green growth and combating climate change that are taking place in northeast Asia. Focusing on the Tripartite Environment Ministers Meeting (TEMM) which takes place annually between China, Japan and South Korea, and is currently in its 22nd year, she asserted that TEMM is one of the most successful platforms in the region in terms of environmental and sustainable development cooperation. The various working groups and task forces of the TEMM meet annually to establish and review priorities for the coming five years. She noted that environmental education has been one key area of success. The TEMM has established an education network involving multi-stakeholder engagement, including capacity-building of government officials and the establishment of a youth forum, as well as a focus on public engagement to increase awareness of environmental protection. The TEMM has also successfully established product accreditation criteria in terms of the life-cycle assessment, which has influenced legislation in China and South Korea.

Guo commented that ministers at the TEMM's 21st annual conference (TEMM21), held in 2019 in Kitakyushu, Japan, had vowed to expand their efforts through collaboration with the environmental efforts being undertaken by ASEAN and the G20. She also identified TEMM's focus areas for cooperation from 2020–25 as including air quality; the circular economy; management of oceans and water resources; biodiversity; climate change; chemical management and environmental disasters; green economy transition; and environmental education.

Tim Forsyth opened by making three assertions regarding responses to climate change. First, he commented that decarbonization will not be effective unless it is coupled with sustainable development: for example, thinking more about how energy is used. He noted that hydroelectric dams in Laos are being used to fuel mass electricity consumption in cities like Bangkok. While this may be an example of decarbonization, it is not necessarily an example of progress.

Second, Forsyth noted that discussion of net zero emissions often causes societies to think about how to offset or balance emissions through initiatives such as carbon offset forestry. This neglects to consider that visions of the rural and the urban may be in competition; for example, if cities are being permitted to grow rapidly, there is little sense in developing tree plantations if that land is needed for agriculture.

Forsyth's third assertion was that international pressure on Southeast Asian countries places too much emphasis on restrictions and targets, assuming that their impact will be the same to all parties. It can also lead to redefining long-standing issues as new problems, according to the latest political whims. The 2011 floods in Thailand, for example, have been given as evidence of climate change; however, they are in fact the result of geography and poor drainage basin management. He noted that there is little to be gained from labelling problems in the wrong way.

Forsyth continued by discussing three arenas in which there have been attempts at climate collaboration. First, he commented that the ASEAN Agreement on Transboundary Haze Pollution is not really working. It exemplifies a classic transboundary issue, in that there is predominantly one country contributing to the physical origin of the haze (Indonesia), but it is predominantly investment from elsewhere (Malaysia and Singapore) that is funding the work, leading to tensions. While the agreement is focused on sharing information and building capacity, it lacks the teeth to deal with the origin of the problem in Indonesia, as well as the ability to effectively regulate the overseas investors.

Second, Forsyth highlighted the ASEAN Plan of Action for Energy Cooperation (covering 2016–25), noting that while it has many environmental targets (such as a 23 per cent renewable electricity supply by 2025), it also includes plans for enhanced coal trading between countries. It therefore reflects the classic tension between allowing growth and having to tick certain environmental boxes. Third, on the issue of 'plastics', Forsyth noted that while the problem has become known by one name, it has multiple sources and manifestations. He commented that China's decision to ban the import of waste will have ramifications for many countries in dealing with their own waste.

To conclude, Forsyth asserted that, despite all the talk of cooperation and collaboration, the evidence so far suggests that current approaches are not providing the right solutions for the international community. There needs to be a more critical approach to these initiatives, as they often do not deal with the deeper driving forces behind unsustainable growth.

Yumiko Nakanishi began by commenting that the EU currently integrates environmental requirements into all its policies, including commercial policy. Its 'new generation' of FTAs, the first of which was concluded with South Korea in 2015, regulate not just customs and tariff-related issues, but also sustainable development. The EU's economic partnership agreement (EPA) with Japan, which entered into force in January 2019, requires both parties to recognize the importance of sustainable development of international trade, and makes explicit reference to climate change, including to the Paris Agreement. Nakanishi commented that FTAs that are concluded or negotiated by the EU with Asian partners will help to positively influence regional cooperation in Asia, on both sustainable development and green growth.

However, she noted that several FTAs, such as that signed in 2008 between Japan and the member states of ASEAN, do not contain special provisions for sustainable development or the environment. It also remains unclear whether RCEP, a proposed FTA involving 15 countries across the Indo-Pacific region, would contain a chapter on sustainable development. She commented that if it were to do so, this would be a very significant step.

The problem of marine plastic waste is another area in which the EU is taking the lead; in early 2019 it adopted a directive regulating the environmental impact of single-use plastic products. While Japan has been relatively passive on dealing with this issue, it did establish a 'resource circulation strategy for plastics' in 2019. Further, at the G20 Osaka Summit in June 2019, G20 leaders proclaimed the 'Osaka Blue Ocean Vision', a framework for using improvements in waste management and new innovations to reduce marine plastic litter pollution to zero by 2050. Nakanishi concluded by commenting that, while Japanese environmental NGOs are not as powerful as those in Europe, the Japanese government is getting better at soliciting public opinion on environmental issues. For example, all the country's strategic energy and environmental plans go through public consultation.

Session three | Addressing the infrastructure gap: finding sustainable solutions

Motoko Aizawa opened her contribution by outlining the current infrastructure situation in Asia. She noted that 1.8 billion people in the region do not have access to sanitation; 700 million lack access to clean drinking water; 350 million do not have access to electricity; and that all ten of the world's most populated cities are in Asia. This causes 7 million people to die prematurely each year due to poor air quality, with consequent knock-on effects for regional economies. At the same time, Asia's middle class, which currently numbers some 3.7 billion, will increase to 5.3 billion by 2030, when two-thirds of the global middle class will reside in Asia. This growing demographic will call for better infrastructure, more amenities and better services; meeting this demand will be politically complicated. The ADB estimated in 2017 that infrastructure needs in developing Asian markets will be $1.5 trillion annually up to 2030, for

the region to maintain growth. Aizawa continued that, if climate change mitigation costs are added, this figure increases to more than $1.7 trillion annually; it would increase even further if demographic and environmental needs are considered. Consequently, business-as-usual infrastructure is no longer sufficient, and a focus on sustainable infrastructure is needed instead.

Sustainable infrastructure contributes both economically and environmentally to a country's development. In Aizawa's view, infrastructure development must be planned through an upstream systems approach. This enables financial and non-financial risks to be considered properly, and solicits local participation in decision-making that is transparent and accountable. Aizawa asserted that inclusivity is very important, and that sustainable infrastructure must also meet the needs of the elderly, disabled and economically disadvantaged. A 'life cycle' approach towards sustainable infrastructure tends to be cheaper because risks are anticipated, and benefits are developed up front. She also noted that successful, sustainable infrastructure will attract more investment in future, creating a virtuous cycle of rewards and responsibilities.

There is currently no universal standard on sustainable infrastructure, although there are over 30 global initiatives focused on the topic – the G20 QII Principles being the closest to an agreed global standard. According to Aizawa, these principles have very good governance provisions and a strong social and human rights dimension, and are specific about the need for inclusivity. Their focus on the environment is, however, a little weak, and they contain virtually no mention of climate change. The G20 is currently working on the development of a set of sustainability indicators which, if developed with the support of all the G20 countries, would be very worthwhile. Aizawa concluded by stating that the most immediate challenge from now on will be to change the mindset of public, private and multilateral institutions to put public interests first and private second, commenting that the conversation is gradually evolving in the right direction. She noted that Japan has spoken about training government officials from other countries in the importance of quality infrastructure and that this is a very important step. Aizawa highlighted that there was an opportunity for international collaboration in this space, particularly in Asia.

Speaking on 'smart cities', **Yasser Helmy** highlighted that there is no one definition of the term, which means different things to different people in different countries and cities. Nevertheless, while technology is an enabler of smart cities, it is not a goal in and of itself. Smart cities are instead about improving the quality of life for citizens through economic, environmental and social stability.

While there are many smart cities initiatives across Asia, Helmy discussed the example of India, where such initiatives are proliferating rapidly. In 2015, the government selected 100 cities to become smart cities. It offered funding of between $30–80 million per city, which was expected to be matched by the state governments, for the creation of so-called special purpose vehicles (SPVs) that would operate and manage the cities. So far, however, much of the available funding has gone towards building traditional infrastructure (which in many cases has been lacking), and citizens living in the designated cities have not felt the impact of all the funding that has been made available. Helmy highlighted that smart cities must involve private-public-people participation (PPPP) in order to be effective, with citizens involved at all stages from drawing board to execution, followed by testing and consultation for feedback. Smart cities must focus on quality of life for their citizens if they are to be effective.

In another example, Helmy outlined the launch of the ASEAN Smart Cities Network (ASCN) by Singapore during its ASEAN presidency in 2018. The ASCN, comprised of 26 pilot cities, was formed to enable its members to network, exchange ideas and generate new projects. However, involvement of eight of ASEAN's Dialogue Partners (including the US, Australia, Japan and the EU) has meant that the ASCN has instead become a forum for the designated cities to request aid from the Dialogue Partners. Helmy

commented that there is a noticeable lack of transparency regarding aid initiatives, at both the regional and local levels. To conclude, Helmy asserted that, in addition to aid and government-to-government financing, increasing amounts of private financing are entering smart city initiatives. While things are moving in the right direction, there remain a lot of challenges, including political in-fighting at regional, state and city levels.

Hiroki Sekine began by commenting that the QII Principles agreed at the 2019 G20 Summit represented a fantastic achievement, as the US, China and Japan all declared that they shared those principles – including transparency, openness, sustainability and compliance – and would cooperate with any parties taking the same standpoint. Japan, the US and Australia have since launched the Blue Dot infrastructure network to establish more concrete criteria for what exactly QII means, and how infrastructure projects can qualify.

Sekine went on to highlight the case of Vietnam as an example of the green transition in the Asia-Pacific. He noted that the Vietnamese government had set very ambitious renewable energy targets, seeking to increase the contribution of solar and wind energy towards its total electricity capacity from its current level of 9.9 per cent to 20 per cent by 2030. The target contribution for conventional power has, however, remained the same, at around 55 per cent of total electricity. He explained that this is because Vietnam has had to increase its overall electricity capacity as its economy has grown, which has resulted in a maintained reliance on conventional power plants. The country's solar and wind power sectors have also been heavily subsidized by the Vietnamese government, but increasing this level of support further is not sustainable. Therefore, a more innovative approach is needed.

Sekine then gave the example of the European Investment Bank's InnovFin initiative, which provides financing for research and innovation projects. (It has, for example, provided funding for an ambitious floating wind farm project off the coast of Portugal.) Similarly, the ADB has financed exploration activities for the development of geothermal power in Indonesia. Sekine concluded that, while these initiatives offer challenges and are risky, an increased focus on similar innovative solutions will be needed in future.

Closing session | Global governance vs regional governance and alliances

Jennifer Lind opened the concluding session by positing that the future of cooperation in Asia is more promising than feared, but less promising than hoped. While global and regional institutions can and do exert a powerful influence in international politics, they are grafted onto existing power structures that shape the decisions they are able to make. Over the past 40 years, the US, UK, Japan and other partners have tried to shape the nature of these relations by pursuing a policy of engagement towards China, with the desire to create an integrated and responsible stakeholder. But Chinese authoritarianism has ultimately prevented it from acting with transparency and from advancing liberal goals.

Nevertheless, Lind maintained that there are several reasons to be optimistic. While there are fears in some quarters that US–China rivalry might descend into a new Cold War, she asserted that the majority of countries recognize the need for cooperation on certain issues, particularly transnational issues such as public health, the environment and crime. China is included within this picture, and its leaders have placed tremendous value on global governance, as well as the role of multilateral institutions, particularly in the economic and financial spheres.

Even if there were to be a new Cold War, Lind asserted that there would still be many ways in which the two powers would cooperate. She noted that, during the original Cold War, the US and the Soviet Union maintained cooperation in many ways, including nuclear non-proliferation, space, education and the arts

– US–China relations are in a better position, as they already have 40 years of engagement on which to build. She also highlighted the role of subnational actors, noting that US state and local governments have been quite active in creating ties with China. To conclude, Lind noted that, despite concerns from the US and Japan about the development of the AIIB, so far the institution appears to be working well and in partnership with the World Bank, and that as a result, the early signs look promising.

John Nilsson-Wright began by commenting that, while Donald Trump might not be an aberration, he is in effect a 'course correction' that is symptomatic of deeper underlying changes in the international system. He noted that, despite Trump's focus on transactional politics, there has nevertheless been continuity in the actions of existing Asian regional institutions, as well as activism from states like Japan and South Korea in developing 'minilateral' initiatives. Scholars in international relations have argued that this is not just an attempt by Asian states to be more 'Asian', but an attempt to emphasize the importance of personal ties built up through participation in international organizations. Risk-taking leaders like South Korea's President Moon Jae-in and Japanese Prime Minister Shinzo Abe have also tried to ensure that the US is bound into the system, and their innovation is both important and encouraging.

Nilsson-Wright continued that the idea of China as a threat to the international system is a 'caricature'. While China obviously has national priorities that it wishes to emphasize, it has also shown a willingness to pivot to the West and embrace the norms and principles that underpin international institutions. Even though the post-Cold War dominance of the US has been challenged, this represents a positive change towards a more plurilateral system of international institutions and a willingness to emphasize different visions of what 'Asia' might look like in terms of participation by different actors. While these competing visions are often considered a sign of ambiguity, he asserted that this is a strength rather than a weakness, as they are underpinned by a sense that communications, rules and non-coercive politics are all critical factors in any new institutional mechanism.

On the G20, Nilsson-Wright commented that many of the hallmark issues put forward by Japan in 2019 – free trade, the digital economy and the environment – have been difficult to advance because of US reluctance. There are other areas in which the progress of international institutions has even moved backwards – for example, UN sustainable development initiatives in North Korea – as they have been eclipsed by the new challenge of 'power politics' and narrowing institutional cooperation among some key actors.

To conclude, Nilsson-Wright noted that while China and others in the Asia region are supportive of international institutions, there remain strong tensions between countries. He noted that it is debatable whether the deep-seated anger and resentment between South Korea and Japan, and the new style of emotional politics which is disrupting their bilateral cooperation, is likely to dissipate in future. The question is how national leaders can manage public disaffection when thy have very clear, common, pragmatic and rational interests that should bind them together, particularly in light of the changing commitment from the US.

In **Alessia Amighini**'s view, regional initiatives in the Asia-Pacific overlap and compete to the extent that they potentially jeopardize one another. In a world of 'Globalization 4.0' (the official theme of the World Economic Forum's 2019 annual meeting), shaped by infrastructure technologies, new avenues open for either competition or cooperation. This is a consequence of the previous phase of globalization (1960s–1990s), shaped by electronics and automation, that created a framework of interdependence. States such as the US now consider this framework too binding for their national objectives.

She commented that two areas of cooperation are crucial to Globalization 4.0: infrastructural and institutional connectivity. These cross-border and digital networks tend to create significant economic and geopolitical dependence, meaning that the economies of scale involved are much greater than those seen in other technologies. While the potential for cooperation is higher, the incentive for cooperation in these technologies is lower, as the strongest competitor will take all. Amighini concluded that states are already becoming more confrontational in this space, and that institutions are needed to govern cross-border infrastructures.

Speakers

Motoko Aizawa, Sustainability Expert, Institute for Human Rights and Business

Alessia Amighini, Co-Head of Asia Centre and Senior Associate Research Fellow, Institute for International Political Studies (ISPI)

Carlo Bonura, Senior Teaching Fellow, Southeast Asian Politics, SOAS University of London

Tim Forsyth, Professor of Environment and Development, The London School of Economics and Political Science

Yasser Helmy, Head, Smart Cities for the Asia Pacific Region, Cisco

Guo Jiangwen, Senior Research Fellow, Energy, Environment and Resources Programme, Chatham House

Shashank Joshi, Defence Editor, *The Economist*

Jennifer Lind, Associate Fellow, US and the Americas Programme and Asia-Pacific Programme, Chatham House

Tanvi Madan, Director, The India Project; Senior Fellow, Project on International Order and Strategy, Foreign Policy Program, Brookings Institution

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