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## An Emerging 3rd Pillar in Asian Architecture? AIIB and Other China-led Initiatives

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China's recent initiatives such as the US\$50 billion Asian Infrastructure Investment Bank (AIIB) and the wider "one belt, one road" strategy (i.e. the overland "Silk Road Economic Belt" and the "21st Century Maritime Silk Road") may well mark the emergence of a third pillar in the 21st century Asian architecture, alongside long-standing U.S.-led bilateral alliances and ASEAN-led regional multilateralism. Britain and other key European countries' announcements on joining the Beijing-initiated institution are accelerating this process at an unexpected pace, with potentially profound implications for re-shaping the long-term geo-economic and geopolitical landscape in Asia and the world. The anticipated moves by key U.S. allies such as Australia and South Korea (and perhaps even Japan) to follow suit are likely to add further momentum to the emergence of this third pillar.

In what ways are China-led regional initiatives distinguishable from the existing pillars of Asian regional architecture? What are their likely impacts on the U.S.-led alliances and ASEAN-led multilateralism? How should ASEAN countries respond to this seemingly unstoppable trend?

Beijing's regional activism is not new. China has been one of the founding members of each of the ASEAN-based institutions since their creation from 1994 to 2010. These include the ASEAN Regional Forum (ARF), the ASEAN Plus Three (APT), the East Asian Summit (EAS), and the ASEAN Defense Ministers' Meeting Plus Eight (ADMM-Plus). Despite Beijing's initial suspicion about multilateralism, it has participated in these forums since the late 1990s in a progressively active manner.

Nonetheless, there are important distinctions between China's current activism and its earlier approach. Previously, Beijing had mostly reacted to others' initiatives. Even since it has become more proactive after 2000, most of its key initiatives (e.g. ASEAN-China Free Trade Agreement [ACFTA]) and contributions (e.g. Chiang Mai Initiative [CMI] and CMI Multilateralization [CMIM]) were channeled through the ASEAN-Plus framework (apart from Shanghai Cooperation Organization [SCO]). Under Xi Jinping, China is moving beyond this. Instead of merely reacting to others' proposals, it is now proactively proposing its own, with more and more initiatives being promoted *outside* the second pillar. Examples are the Xiangshan Forum, the Silk Road Economic Belt, and the Twenty-First Century Maritime Silk Road. While Beijing has continued to take part in ASEAN-led processes, it has determined to promote China-Plus arrangements.

This emerging institutional pole is distinct from other pillars in at least two respects. In terms of power structure, it is China-centered, as opposed to U.S. dominated and ASEAN-led. In terms of organizing principle, the China-led initiatives are underpinned neither by threat-driven "collective security" (the first pillar) nor norms-based "cooperative security" (the second pillar). Rather, it is anchored on remuneration-calculated and identity-based "common security", which emphasizes interdependence, "mutually beneficial" cooperation, and "common destiny" among Asian countries. Although norms such as dialogue and consultation are mentioned in Chinese official statements, norms are not the

**Cheng-Chwee Kuik, Associate Professor, Strategic Studies and International Relations at the National University of Malaysia, explains that "the emerging institutional pole is China-centered [and] anchored on remuneration-calculated and identity-based 'common security'."**

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key organizing principle. Rather, China’s initiatives are promoted mainly on instrumental ground, leveraging on participating countries’ common need for development as well as China’s growing ability to reward and its image as a permanent factor in Asia as a basis for cooperation.

Although Beijing’s initiatives are in their nascent stage and still short on details (which arouse suspicion among several countries), they are likely to bring profound implications for both the first and second pillars. Already, the lure of AIIB – despite concerns that it might evolve into a Beijing-dominated body – has created a divergence in the perceptions of interest between Washington and its allies across European and Asian capitals. The main challenge lies in the longer run. Because of the growing economic importance of China to virtually all U.S. allies and partners, it is not unthinkable that an increasingly closer intra-Asian collaboration might over time erode the very foundations of U.S.-Asia ties.

A similar trend can be seen in other China-centered arrangements. By 2014, some forty plus Asian countries and international organizations have chosen to participate in the Conference on Interaction and Confidence-Building Measures in Asia (CICA) and the Xiangshan Forum (designed to rival the U.S.-backed Shangri-La Dialogue as a Track 1.5 defense meeting). More players are joining SCO either as full members (India and Pakistan), observers (Afghanistan, Iran, and Mongolia), or dialogue partners (Belarus, Sri Lanka, and Turkey). These platforms – along with Beijing’s bilateral diplomacy to build a network of friends – are promoted to place China at the center of Asian affairs. Together, they enable Beijing to promote regional connectivity and develop “mutually beneficial” partnerships around its periphery through the “one belt, one road” strategy, for the ultimate goals of cultivating favorable conditions to ensure sustainable domestic development, while mitigating the growing pressure of U.S. “rebalancing” in recent years. Beijing views common prosperity as a necessary approach to reassure its neighbors and offset the negative effects of its continuing maritime assertiveness; an act to strike a balance between the Chinese Community Party’s twin pathways of performance legitimation and nationalist legitimation.

What are the likely impacts of the third pillar on ASEAN? Some preliminary observations can be made. In the near term, Beijing-initiated projects are likely to complement the ASEAN-Plus forums, for two reasons. First, because some of the Chinese proposals (e.g. the upgraded ACFTA, ASEAN-China connectivity) are developed *side-by-side with* the ASEAN-based framework, they are likely to boost ASEAN’s own integration. Second, China’s enhanced resolve and capital to engage regional countries are likely to push other powers to compete to reduce Beijing’s growing clout (e.g. Japan’s competition with China on some connectivity projects in the ASEAN region). ASEAN countries can have their cake and eat it too, while capitalizing on competition as a catalyst for their own development and regional integration.

In the longer term, however, the China-backed mechanisms, once matured, might challenge ASEAN on two accounts. First, they might undermine ASEAN centrality, if more and more of China’s initiatives are promoted outside of the ASEAN framework, and worse, if Beijing’s preferred institutional goals contradict those of ASEAN. Second, they might weaken ASEAN cohesion, if more ASEAN countries go their own way to benefit from China’s growing economic carrots and geopolitical clout, even at the expense of ASEAN’s unity.

How should ASEAN respond? First, to ensure ASEAN centrality and cohesion, the smaller states should explore ways to channel some of the Chinese initiatives *within* the ASEAN-based framework. Second, individual ASEAN states should take advantage of China’s greater commitment and capital for their own national development and regional connectivity, while encouraging other powers to play a more active role in ASEAN-led forums. Third and finally, ASEAN countries should continue to diversify their economic and strategic linkages with the outside world. They should continue to hedge. ASEAN-Plus forums such as the EAS should be further institutionalized along these directions.

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