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Combating Chinese Influence in the Indo-Pacific

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This paper aims to understand the diplomatic strategy that the United States has taken in the Indo-Pacific region to combat China's influence and analyzes how geopolitical tensions from China have changed their methodology. China's influence over the Indo-Pacific continues to threaten the sovereignty of countries in the Association of Southeast Asian Nations (ASEAN). This is especially evident in Vietnam and the Philippines which will be the main focuses of this paper. To understand the U.S.' methods for combating China, three main forms of diplomacy were analyzed: Trade, Defense aid, and Development aid. This paper suggests that the current diplomatic methods that the U.S. takes have contributed to a competition between the U.S. and China for dominance in the region. As well as that China's growing aggression over territory claims have led to stronger relations between the U.S., its allies, and ASEAN countries.

Introduction

Since Obama's pivot to Asia in 2012, the United States has recentered its attention to the Indo-Pacific region. The threat of China growing as a regional power combined with the proliferation of nuclear weapons in the region has led the United States to refocus its foreign policy to the Indo-Pacific region once more. Since Obama's presidency, the United States' policy has shown a desire to contain China's expanding influence. These efforts have been evident from Obama's administration through to Biden's current administration. To combat this influence in the region the United States has tried to contain China's influence over countries in the Association of Southeast Asia Nations (ASEAN) by providing aid and by strengthening bilateral relations. The U.S. achieves this by focusing on three main methods of diplomacy: trade, defense aid and developmental aid. This paper will look at two key allies for the U.S. in the Indo-Pacific, Vietnam and the Philippines, and analyze how geopolitical tensions with China have altered their diplomatic tactics with these countries.

U.S. trade to Vietnam and the Philippines has increased since Obama's pivot; the U.S. has worked on trade agreements to help facilitate trade and decrease reliance on China. Defense aid is the main form of diplomacy to these countries and has been drastically increasing for years and even doubled in 2020 due to geopolitical tensions with China. Developmental aid has seen a steady increase in these countries in recent years while development efforts with China have been few in Vietnam's case and in the Philippines' case, has been dependent on the president. This shows that the U.S. is more desirable for fulfilling development goals for these countries. There is a positive relationship between China's aggression and closer relations between ASEAN countries and the U.S. and its allies. Trade agreements that exclude China have allowed for the U.S. and their allies to not only provide diverse trade partners for ASEAN countries to trade with, but also is seen as a counter to China's influence by establishing western based standards for how trade should be conducted. With similar aspirations for containing Chinese influence, the U.S. and its allies continue to grow closer to Indo-Pacific countries.

Additionally, this paper will look into the effectiveness of these diplomatic methods in regards to if they are advancing U.S. goals for the region and whether one has had a greater impact on China's relations with these countries.

Trade

The first diplomatic method that will be discussed is trade. China's influence over ASEAN countries is mainly economic based due to China being the main trade partner for most ASEAN countries. Many ASEAN countries rely on China for infrastructure development and have taken out loans with China in order to finance these projects. This has led to many countries becoming dependent on China for their economic growth and some even falling into debt due to their inability to pay back these loans. With so many countries in the region being dependent on China for their economic stability, the United States has increased their trade in the region with the aims to diversify and offset the dependence. This is evident in the case of Vietnam as their largest trade partner is China. They have expressed their hesitance to work with China on infrastructure development, like its neighbors Cambodia and Laos have been doing. Vietnam however is more economically developed than its neighbors so it can afford to move away from China's influence. The largest struggle that Vietnam has in this regard is its dependency on China for trade. There have been initiatives between Vietnam and other countries to help diversify trade partners to offset their reliance on China but the effects of these partnerships have been limited since

China tends to be a partner in these agreements as well. The United States has also had multiple initiatives with Vietnam to increase trade. The U.S. Agency for International Development (USAID) has set up a Trade Facilitation Program which has helped Vietnam on the course to implement agreements with the World Trade Organization so that they can achieve this goal of stepping away from China (Caro 98).

The Philippines is similar to Vietnam in that it also relies heavily on China as a trade partner, however they have had a back and forth relationship with China over the years. This is heavily due to the president at the time. Under President Rodrigo Duterte, the relations with the U.S. became rocky due to disagreements in 2017 between Duterte and Obama when Obama tried to bring up human rights issues in the Philippines (Endo). This led to Duterte pulling back from his relations with the U.S. and instead he tried to lean on China.

In 2017, the United States under President Trump pulled out of the Trans-Pacific Partnership (TPP) trade agreement. This agreement included the United States and eleven other Pacific rim countries. It aimed to lower trade barriers, open markets, and shape trade regulations in the Asia-Pacific region. This agreement also aimed to maintain U.S. trade dominance in Asia and to ward off China's growing economic influence. However, Trump decided to leave the agreement due to concerns that it would hinder the U.S. job market (Malik 22). With the U.S. out of the TPP, the remaining countries created the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). This agreement is considered to be a "new generation trade agreement" due to its feature of having high levels of trade and investment liberalization and trade rules that go beyond those of the World Trade Organization (WTO).

During Biden's current administration, he has negotiated an agreement that many see as a do-over of the TPP called the Indo-Pacific Economic Framework (IPEF). The IPEF aims to diversify U.S. supply chains, create channels for coordination and investment and hasten the region's transition to green energy. Similar to the aims of the TPP, this agreement also has potential to curb Chinese economic influence in the region through U.S. investment (Lovely).

Agreements like these are beneficial to the U.S. not only economically but they also help combat China's influence in the region through providing both Vietnam and the Philippines with diverse trade partners and they make it more beneficial to trade with countries other than China. This is particularly evident when looking at how from 1997-2016 Vietnam experienced an increasing merchandise trade surplus with the U.S. that almost compensated the merchandise trade deficit they have had with China (Thao 83-86). This shows that Vietnam gains more benefits trading with the U.S. and would encourage them to want to increase their diplomatic relations with the U.S. rather than China in the future.

Agreements like the IPEF and CPTPP offset Chinese influence through rule-making and setting standards for how trade should be conducted. The IPEF sets rules that each country under the agreement should follow the agreement's standards to: promote and maintain a healthy labor force that follows international labor rights, contribute to environmental protection by following international environmental laws and many more important initiatives (USTR). The CPTPP has similar agreements to the IPEF on labor and environmental standards. These rules help to set western standards in the region to keep countries from harming their people and their country's environment in the name of trade.

Defense aid

The second diplomatic method that the U.S. uses is defense aid. While ASEAN countries rely heavily on China for economic development and stability, they rely heavily on the United States for their security. This is mostly due to the fact that China is one of their main security issues due to the on-going South China Sea dispute. The U.S. has been providing aid to ASEAN countries to help them to develop and improve their military capabilities so that they will have the means to defend themselves against China's pushes. The U.S. also has military bases in many ASEAN countries and holds joint training sessions to deepen cooperation between their armed forces since having strong military ties in the Indo-Pacific helps the U.S. deter the expansion of Chinese influence.

Starting in 2013, a year after Obama refocused on the Asia-Pacific region, the United States started to provide military development aid to Vietnam through their Foreign Military Financing (FMF) program. This program aims to develop and strengthen Vietnam's military in order to help them maintain their sovereignty against Chinese threat. The FMF program provided Vietnam with two Coast Guard ships, one in 2017 and one in 2021. Maintenance and refurbishment of these ships have also been supported through FMF program funding.

In the Philippines case, the majority of U.S. aid they have received has been militarily under the FMF program and through the Department of Defense's Indo-Pacific Maritime Security Initiative (MSI). The FMF program provides the Philippines with monetary grants so that they can procure military equipment. In 2021, the Philippines used a combination of their U.S. supplied grants and Philippine national funds to procure 3.8 million U.S. dollars worth of weapons and equipment from the U.S. (U.S. Embassy Manila). The Philippines have received extensive amounts of military infrastructure from the U.S. with the majority of recent ones being aircrafts and helicopters (SIPRI).

The U.S. holds joint military exercises and maritime patrols with the Armed Forces of the Philippines (AFP). Recently, the Philippines have agreed to allow the U.S. to plan for the addition of four new military bases on Philippine territory. One of these bases will be facing the South China Sea which further allows the United States to exert military pressure onto China and allows them to strengthen their cooperation with the AFP.

Should the conflict over the South China Sea and Taiwan Strait escalate, it is necessary for Vietnam and the Philippines to have a strong, modernized military in order to protect their sovereignty should China choose to put pressure on dominating the region again. The U.S. desires to have close relations with these countries due to their proximity to China, the U.S. having bases in the Philippines makes it a lot easier for U.S. forces to back these countries up in the event of any conflict with China.

The U.S. has been a main contributor in this effort but both countries have received aid in their modernization effort from other countries as well. Vietnam received aid in their modernization efforts from Japan and South Korea in 2014, significantly with the transfer of a patrol combat corvette.

Japan and Australia have made significant efforts in the Philippines' military modernization effort. This was especially evident during Duterte's shift away from relations with the U.S., Japan and Australia deepened their security partnerships with the Philippines with the hope that this would evade them from getting too close to China (Castro 2018).

Developmental aid

The third diplomatic method that the United States uses is developmental aid. This encapsulated a large amount of U.S. aid to ASEAN countries and is generally focused on infrastructure development like roads, hospitals and other essential facilities. It also includes programs that provide public goods like education and food. Providing this type of aid to countries helps to repair relations from past conflict and grievances and provides the U.S. with the potential for a strong ally in the Indo-Pacific region. It can act as a form of soft power to change the U.S. view in the country. Vietnam and the Philippines both have a tense past with the United States, so by providing developmental aid, the U.S. can change the view of them as an adversary to that of a cooperative partner. Maintaining soft power in the region is important so that a country's citizens will favor their government having relations with the U.S. over China.

Developmental aid to both Vietnam and the Philippines have seen a steady increase in aid over the years. Vietnam saw a drastic increase in 2018-2019 where the amount allocated almost doubled from \$80,051,937 to \$121,656,682 (USAID). Since 2018, it has continued to increase. Vietnam compared to the Philippines is more conservative in receiving aid or loans from China so they have steadily relied on the U.S. for fulfilling their developmental goals.

Aside from U.S. development aid, their allies have been proactive in providing developmental aid to the region. Japan has been one of the top providers of developmental aid to Vietnam and the Philippines over the years, mainly through providing them with loans and grants.

Chinese loans for infrastructure tend to be seen in a negative light when compared to those from other countries, which makes many countries hesitant to work with China on infrastructure projects. This hesitation can be seen through the concerns of Philippine politicians during Duterte's pivot to China. In 2017, Duterte started an infrastructure program called, "Build, Build, Build" (BBB). This program entailed infrastructure projects like dams, irrigation systems, railways and expressways. The main drawback of how these projects were funded however, was that he used Chinese loans to finance them. The terms of these loans, when compared to those given from Japan or the World Bank, are characterized by higher interest rates and less respect for the Philippines sovereignty as it gives China the power to seize their assets if the receiving country defaults on their loan repayment. This has arisen concern for what could potentially happen if the Philippines had to default on their loans with China. Supreme Court Associate Justice Antonio Carpio argued that in that situation, China could potentially seize the West Philippine Sea oil and gas deposits from the Philippines (Tabbada & Pacho 140-150). Duterte's turn away from cooperating with the United States caused a drop of aid in 2017, but when President Trump came into office, the U.S. and Philippines fixed their relations and the aid increased once again.

Influencing factors

There are two main factors that influence the trends of U.S. diplomacy to Vietnam and the Philippines. One of these influences is who the current president is. The president of the country changes not only how the country's foreign policy views China but also determines the degree of relations with China. In the case of the Philippines, the president has a large influence over the degree of trade, aid and diplomatic relations between them and the U.S. This can be seen by looking at the different presidents' views in the Philippines. During the period of Duterte's administration where he drew back from his relations with the U.S. in favor of China, there was a considerable drop in aid from the U.S. Duterte instead

received money from China in exchange for relaxing his stance on islet ownership in the South China Sea (Endo). In 2016, the U.S. provided \$295,429,266 in total aid, but it dropped almost by half in 2017 to \$168,461,179 in total due to Duterte's desire to move away from the U.S. (Foreign Assistance). However, during Trump's administration, the U.S. and Philippines fixed their relations and the aid increased again and has been stable since (Castro 2021). The Philippines current president, Marcos, has taken a different stance towards relations with the U.S. and China compared to his predecessor. He has been balancing relations between the two countries while past presidents focused more so on U.S. relations. By balancing his relations, Marcos gains economic advantages from his partnerships with China and gains military security from the U.S. through continued military funding (Heydarian).

In Vietnam's case they maintain stable relations with the U.S. due to their one party system that makes collective policy decisions. Vietnam's policy tends to be consistent and changes happen gradually. When the president changes in Vietnam their approach towards U.S. relations remains similar due to it being the General Secretary of the Communist party who makes policy decisions. Another factor that contributes to this is that the General Secretary tends to stay in power for long periods. The current General Secretary Nguyễn Phú Trọng has been consistently reelected since 2011. So, for Vietnam this is not a factor in their policy making. The two countries have also maintained similar aspirations for the region over the years, which has kept their relationship strong and on the same course. While Vietnam does experience internal party conflict, the concerns towards U.S. relations tends to focus on whether closer ties with the U.S. will cause regime insecurity or not. Vietnam does not want to feel forced to 'take a side' between the U.S. and China so they focus their foreign policy on balancing relations between the two, while still accounting for the security issue of the South China Sea (Asia Report).

Another factor is the changing geopolitical tensions with China in the region. The South China Sea issue saw a spike in concern in 2020 during the pandemic as China took a more aggressive approach in their attempt to exert their claim over the South China Sea territory. During this time, there were concerns of whether military confrontation would happen or not. Due to this rise in tensions, the defense aid to Vietnam and the Philippines experienced a massive spike as the FMF program funding increased drastically from the past years. In Vietnam's case the FMF program went from allocating \$2,122,513 in 2019 to \$49,207,758 in 2020. In the Philippines case, the FMF program allocated \$65,818,534 in 2019 and increased to \$129,155,793 in 2020 (Foreign Assistance). The perceived threat of China on ASEAN countries' security at this time caused the United States to invest more in their allies' military development.

Effectiveness of U.S. diplomacy against Chinese influence

The main goals that the U.S. holds for their diplomacy in the Indo-Pacific, is to push back against Chinese influence, protect democracy, facilitate mutual growth and to grow strong regional connections. While the U.S. has made great strides in these goals, through their efforts to build up Vietnam and the Philippines military capacity, and their funding for countless developmental projects, there is still an overwhelming desire among U.S. lawmakers to increase their efforts in competing against Chinese influence.

Since the U.S. has deployed these diplomacy tactics in the Indo-Pacific, there has been the need to continually increase upon them. This has entered the U.S. and China into a state similar to the Cold War. The Biden administration has denied that they want to enter into a Cold War with China, but it is argued

that they are still preparing for one (Daly). New legislation was introduced in 2021 that would push for increased funding to Indo-Pacific countries to finance the purchase of American-made weapons and fund service and training for Indo-Pacific activities. Aside from increased military aid, it also planned to support programs that would shift U.S. supply chains out of China. The bill stressed the importance of furthering U.S. political, economic and security efforts in the region.

While this bill did not pass through the Senate, it shows the concern that U.S. lawmakers have for China's influence over the Indo-Pacific and that the U.S. still feels that there is a need to increase their efforts against China. There have been multiple initiatives for similar bills that would increase competition with China, so that the U.S. can compete against them on issues regarding technology through to security (Fang). However, China's overwhelming influence over the region continues to grow and is a continued concern for the U.S. despite their countless efforts to combat it.

The most impactful method of diplomacy that the U.S. has been using to counter China is their defense aid. Due to the South China Sea and Taiwan Strait Crisis, it is important that Vietnam and the Philippines have a modern military force in order to stand up against China's intimidation tactics. The U.S. among many of their allies have supplied Vietnam and the Philippines with Navy patrol ships, which have allowed them to patrol the area and protect their claims over the waterway. This has been critical in recent years as these tensions have continued to rise. The U.S.'s security efforts for the region have allowed them to not only help the region maintain its sovereignty but has also ushered in closer relations with their allies. It can also be seen that this has facilitated closer relations with countries that the U.S. has more strained relations with like India, who have recently entered a joint commitment with the U.S. to uphold the United Nations Convention on the Law of the Sea (UNCLOS) decision which rejects China's claims to the waterway (The White House). So, not only has U.S. defense aid helped Vietnam and the Philippines to strengthen themselves militarily, it has also helped develop relations with other countries through mutual aspirations for maintaining the region's sovereignty.

Conclusion

The main goals that the U.S. holds for their diplomacy in the Indo-Pacific, is to push back against Chinese influence, protect democracy, facilitate mutual growth and to grow strong regional connections. While the U.S. has made great strides in these goals, through their efforts to build up Vietnam and the Philippines military capacity, and their funding for countless developmental projects, there is still an overwhelming desire among U.S. lawmakers to increase their efforts in competing against Chinese influence.

Foreign policy changes are multi-causal and one factor alone cannot be identified as the sole cause for why diplomacy for a region changes. However, it can be seen that as China's influence in the Indo-Pacific grows so does the U.S. and their allies' desire to counteract that. China's expanding influence has caused Vietnam and the Philippines to grow closer to the U.S. and its allies. Presidential views of the U.S. and China have been conflicting influences on the degree of aid given and received. As well as that security tensions presented from China onto the region have contributed to an increasing need for more aid and closer relations with the U.S. to maintain balance in the region.

About the author

Kerri Scimeca is an upcoming graduate from Temple University Japan Campus, originally from North Carolina in the United States. She is majoring in international affairs with a Japanese and political science minor. Kerri is passionate about U.S. diplomacy in Asia.

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