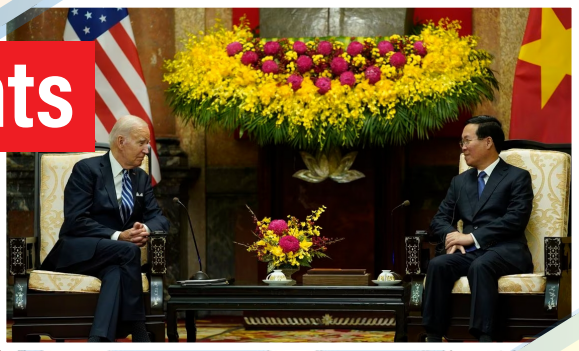
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Indo-Pacific Insights

cgs Centre for Governance Studies





A Bi-Weekly Roundup of Key Events

Can IMEC counter BRI?

Shamsuddoza Sajen

The India Middle East Europe Economic Corridor (IMEC) has emerged as a significant geoeconomic and geostrategic project with the potential to challenge China's Belt and Road Initiative (BRI). IMEC aims to enhance regional connectivity, stimulate economic growth, and create a seamless trade corridor from India to Europe. With powerful nations like India, the UAE, Saudi Arabia, the European Union, France, Italy, Germany, and the United States as members, IMEC stands as a formidable contender to the BRI. This article provides insights into the IMEC's potential to counter the BRI's influence.

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September 5

Saudi and Iran exchange ambassadors

Saudi Arabia's ambassador to Iran has arrived in Tehran, and Iran's ambassador has landed in Saudi Arabia, marking the formal reestablishment of diplomatic ties between the Gulf rivals after a seven-year hiatus. China played a key role in brokering this rapprochement, which led to the full restoration of diplomatic relations. The severed ties in 2016 resulted from attacks on Saudi diplomatic missions in Iran during protests against the execution of Shia cleric Nimr al-Nimr in Riyadh.This development signifies a shift in regional dynamics, with potential implications for conflicts across the Middle East.

Myanmar excluded from ASEAN chairmanship

Southeast Asian leaders have unanimously decided that Myanmar will not assume the rotating leadership of the regional bloc, the ASEAN, as scheduled in 2026. This decision, announced at the ASEAN leaders' summit in Indonesia, is a significant setback for Myanmar's ruling military, which sought international recognition after seizing power violently in 2021. The Philippines has stepped in to assume the ASEAN chairmanship in 2026.

September 6

North Korea unveils first nuclear attack submarine

On September 6, 2023, North Korea revealed a newly developed tactical nuclear attack submarine, signaling a notable advancement in its continuous enhancement of naval capabilities. State television in North Korea broadcasted the ceremony presided over by the nation's ruler, Kim Jong-un, which celebrated the launch of this submarine. During this event, Kim Jong-un declared North Korea's plans to convert its submarine fleet into offensive vessels armed with nuclear weaponry, provoking concerns and prompting inquiries about the consequences of this progression.

September 7

7th Australia-China High Level Dialogue



China has reassured Australia that it poses no threat and will not do so in the future, marking a significant step in their resumed high-level dialogue track after a three-year hiatus. These talks, which do not involve government ministers, had been held annually since 2014 but were suspended in 2020 due to tensions related to the COVID-19 origins inquiry. The dialogue covers trade, investment, regional and international security, with both sides aiming to stabilize and improve their relations. Australia is also advocating for the removal of restrictions on its lobster and wine exports and the release of detained journalists in China.

September 8

Eswatini and Taiwan strengthen ties

Taiwanese President Tsai Ing-wen concluded her state visit to Eswatini, marked by significant bilateral agreements. During her visit, President Tsai met with Eswatini King Mswati III, overseeing the signing of various agreements, including a memorandum of understanding between Taiwan's Overseas Investment and Development Corporation (OIDC) and the Eswatini National Petroleum Company (ENPC). This memorandum aims to facilitate the construction of a strategic oil facility with 30 days of storage capacity. Eswatini is the sole African nation officially recognizing Taiwan. This partnership may attract increased scrutiny from China, potentially pressuring Eswatini to shift its recognition to China.

September 9

Maldives presidential election heads to run-off



The Maldives is headed for a run-off vote in a closely contested presidential election, with the opposition candidate, Mohamed Muizzu, surprisingly taking the lead but falling short of an outright majority. Muizzu's campaign included promises to limit India's presence in the Maldives, creating a contrast with Solih's "India-first" policy. The run-off is scheduled for September 30, with alliances forming among candidates who came second and third.

September 10

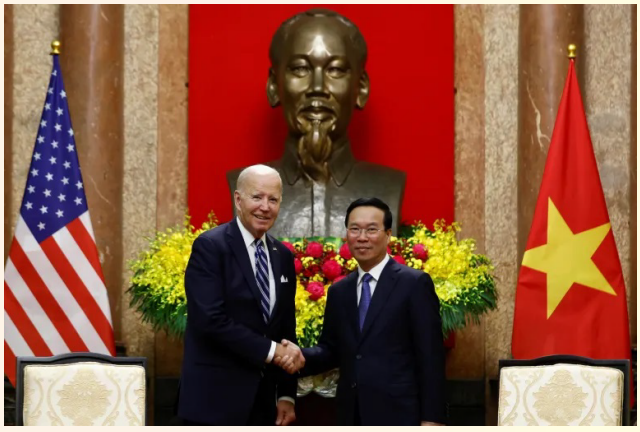
G20 Leaders Refrain from Explicit Russia Critique



In their joint declaration, G20 leaders highlighted their stance against the use of force for territorial acquisition and strongly condemned the use of nuclear weapons, refraining from direct criticism of Russia.

The G20 committed to a $4 trillion annual fund for renewable energy transition and $6 trillion to aid developing countries in meeting emissions targets. This summit marked a milestone with the inclusion of African Union, and it ended with a significant initiative—a U.S.-led economic corridor rivaling China's Belt and Road Initiative. Chinese President Xi Jinping's absence was notable, indicating shifting priorities.

Biden's Visit to Vietnam



U.S. President Joe Biden met with Vietnamese Prime Minister Thuong, setting the stage for high-level talks during his visit to Hanoi. He signed agreements with Vietnam regarding semiconductors and minerals, as Vietnam elevated Washington to

its highest diplomatic standing, on par with China and Russia.This visit marks President Biden's first time in Vietnam, a significant step in elevating the U.S.-Vietnam relationship from former adversaries to essential allies. The two countries also discusses strategic cooperation to address territorial disputes in the South China Sea.

September 13

Kim Jong Un-Putin talks

During a visit to eastern Russia, Kim Jong Un and Vladimir Putin's meeting underscored the strengthening of their relationship during wartime. The North Korean leader spent several days touring military sites, shipyards, and aircraft factories. The meeting at the Vostochny Cosmodrome raised questions about the agenda, with concerns over potential arms deals. While the spectacle was evident, concrete deals remained undisclosed. Putin hinted at assisting with Kim's space and satellite goals, possibly with technology to help North Korea's satellite program.

GEOSTRATEGIC SIGNIFICANCE OF JAPAN'S OSA

Nihad Nowsher



On August 26, 2023, Japanese Ambassador Iwama Kiminori in Dhaka revealed that Japan has included Bangladesh in its Official Security Assistance (OSA) project aimed at enhancing defense cooperation. This program's inaugural year also encompasses three other significant Indo-Pacific nations: the Philippines, Malaysia, and Fiji. The OSA is an integral part of Japan's evolving foreign policy strategy in the Indo-Pacific, with the goal of fostering a Japanese-led regional framework in the region. Let's delve deeper into the geostrategic importance of Japan's OSA initiative.

Historical Context

In 1977, Japan introduced the Fukuda Doctrine, marking the foundation of its long-term diplomacy in the Indo-Pacific region. This doctrine focused on regional cooperation, emphasizing Japan's commitment to not remilitarize and instead rebuild trust with ASEAN and other Asian nations. Japan's Official Development Assistance (ODA) program played a significant role in this strategy by supporting projects and collaborating with developing nations across 190 countries and regions.

During Prime Minister Abe's second term (2012 onwards), Japan's National Security Strategy (NSS) was initiated, leading to increased defense budget allocations and the lifting of the arms export ban. The evolving regional landscape in the Indo-Pacific prompted Japan to adopt the 'Free and Open Indo-Pacific' (FOIP) strategy in 2016. This strategy viewed the Pacific and Indian Ocean Region (IOR) as a unified strategic domain, emphasizing principles like openness, freedom, and the rule of law to enhance regional stability and connectivity.

Japan's Official Security Assistance (OSA) program was introduced in the current fiscal year, independently managed from the ODA program, which primarily focuses on development-oriented objectives. The OSA aims to enhance the security and deterrence capabilities of like-minded countries in the Indo-Pacific, preventing unilateral attempts to change the status quo by force and ensuring regional peace and stability.

The OSA's initial beneficiaries include the Philippines, Bangladesh, Fiji, and Malaysia, chosen based on their geopolitical significance to Japan. To qualify for the program, a recipient nation must meet OECD standards for development. OSA can support three main objectives: maintaining peace, stability, and security through the rule of law, participating in humanitarian initiatives, and assisting international peacekeeping efforts.

The Geostrategic Significance of Japan's OSA for the Indo-Pacific

Japan's decision to establish the Official Security Assistance (OSA) program signals a shift in its Indo-Pacific strategy and a departure from past restrictions on allocating international aid for military purposes. The OSA focuses on assisting nations with shared diplomatic goals in enhancing their monitoring capabilities within their territories, ultimately aiming to strengthen ties between developing countries and Japan. One key objective is to reduce the influence of China in the region by providing an alternative to Chinese initiatives like the Belt and Road Initiative (BRI).The OSA program, outlined in Japan's National Security Strategy (NSS), also designates China as an adversary.

Japan has allocated approximately ¥2 billion in its fiscal year 2023 budget to fund the OSA. Notably, recipient nations of the OSA, like the Philippines and Malaysia, are facing challenges in countering Chinese assertiveness in the South China Sea. Manila is set to receive military support to enhance surveillance and security efforts in the region.

While Malaysia does not view China's rise pessimistically and shares some security policies with China, it also values the rules-based order led by the United States in the Indo-Pacific. This perspective aligns with Malaysia's participation in the OSA and its cooperation with Western nations seeking security partnerships in response to China's assertiveness.

Bangladesh's inclusion in the Official Security Assistance (OSA) program holds significant importance due to several factors. While Bangladesh has been a participant in China's Belt and Road Initiative (BRI) since 2016, it has also received substantial infrastructure investments from Japan, including the development of the country's exclusive deep-sea port in Matarbari.

Again, Bangladesh has been a significant defense customer of China, recently inaugurating the China-built $1.2 billion six-slot submarine base, named BNS Sheikh Hasina, at Pekua.Conversely, recent discussions have exhibited a favorable inclination toward bolstering defense collaboration between Japan and Bangladesh, with a particular focus on exchanging armor and technology.

In light of these developments, the Japanese ambassador's statement concerning Bangladesh's participation in the OSA program to enhance cooperation with defense forces and related organizations carries significant geostrategic implications. It is evident that Japan is making strong efforts to counterbalance China through these initiatives, and the OSA program should be interpreted within this broader context.

Can IMEC counter BRI?

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Understanding IMEC: Objectives and Goals



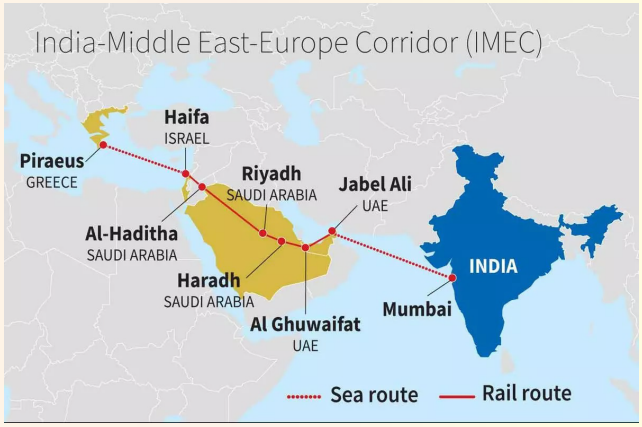
The Memorandum of Understanding (MoU) concerning IMEC underscores its intent to promote economic growth by improving connectivity and economic integration among Asia, the Arabian Gulf, and Europe.

A direct and effective link between Asia, particularly India, and Europe,will result in a potential 40% reduction in travel time and a 30% reduction in transportation costs for goods.

Additionally, as outlined in the MoU, this corridor will fortify regional supply chains, enhance trade accessibility, streamline trade procedures, and promote a heightened focus on environmental, social, and governance impacts.

The signatories of the MoU include the governments of Saudi Arabia, the European Union, India, the United Arab Emirates (UAE), France, Germany, Italy, and the United States of America.

The Structure of IMEC: A Multi-Pronged Approach



IMEC comprises two primary corridors, each with a distinct purpose:

Eastern Corridor: This corridor connects India to the Gulf region, facilitating trade and connectivity between India and nations in the Arabian Gulf.

Northern Corridor: The northern corridor links the Gulf region to Europe, creating a seamless trade route from the Arabian Gulf to European markets.

Components of IMEC: Building the Connectivity

IMEC's success relies on several key components:

Railway Line: The corridor includes a comprehensive railway network to transport goods efficiently between nations along the route.

Ship Rail Transit Network: To complement the railway system, IMEC incorporates a ship rail transit network for transporting goods via sea routes when necessary.

Road Transport Routes: An essential part of IMEC is the development of modern road transport routes to facilitate the movement of goods by land.

Hydrogen Pipeline: IMEC explores the use of hydrogen pipelines as an innovative means of transporting energy and supporting sustainable practices.

Optical Fiber Cables: High-density optical fiber cables are crucial for ensuring seamless communication and data exchange along the corridor.

A game changer

So far, Saudi Arabia, UAE, Jordan, and Israel, along with the three largest European economies, France, Germany, and Italy (although Italy is reconsidering its commitment to the BRI), have joined the IMEC project. This alliance has been prompted by the U.S., adding a significant geopolitical dimension.

The primary aim is to connect India, one of the world's fastest-growing major democracies and economies, to Europe. The U.S. is also seeking to regain influence in the Middle East.

Furthermore, there are long-term plans to facilitate the movement of goods from Southeast Asia, another high-growth region, through India into Europe. In essence, this initiative can be a game-changer.

Challenges Ahead: Competing with BRI

While IMEC shows immense promise, it faces several challenges:

Operationalization: IMEC must expedite project construction to remain competitive. Delays could hinder its progress, especially as the BRI advances.

Political Considerations: IMEC should remain insulated from political changes in member nations, ensuring continuity in its development.

Chinese Influence: IMEC will need to navigate China's diplomatic efforts to prevent member nations from switching allegiance back to the BRI.

IMEC vs. BRI: A Comparative Analysis

In terms of objectives, both IMEC and the BRI share similarities in promoting regional connectivity and economic growth. However, there are significant differences:

Scale: The BRI is much larger in scale, with over 150 member countries, 30 international organizations, and thousands of projects.

Timeline: The BRI has been operational since 2013, giving it a decade-long head start over IMEC.

Participants in the IMEC plan to convene within the next two months to formulate an action plan with specific timelines.

Financing: The BRI has been funded with over $1 trillion, dwarfing IMEC's estimated cost of $20 billion.

Members: Several IMEC member countries, including Italy, Saudi Arabia and the UAE, are concurrently involved in the BRI. Italy, while still technically part of the BRI, has expressed a strong desire to withdraw from China's Belt and Road Initiative (BRI). Italian Prime Minister Meloni conveyed Italy's decision to exit the BRI during a meeting with Chinese Premier Li Qiang on the sidelines of the G20 Summit 2023.

Autonomy: IMEC aims to maintain member nations' autonomy, whereas the BRI often imposes China's will on participating countries.

IMEC's Potential to Counter BRI

World Bank President Ajay Banga views IMEC as a strategic reaction to geopolitical tensions linked to Russia and China. Its objective is to establish a fresh trade route that integrates eco-friendly and digital components, ultimately boosting connectivity and trade speed by 40%.

As it progresses, IMEC has the potential to challenge China's dominance in international connectivity initiatives. To achieve this, IMEC must stimulate economic growth, expedite project implementation, insulate itself from political changes, and offer a legitimate alternative to the BRI.

Contributors

Shamsuddoza Sajen
Journalist and Researcher
sajen1986@gmail.com

Mohammad Nihad Nowsher
Research Intern at Centre for Governance Studies (CGS)
nihad@cgs-bd.com

Bahauddin Ahmed
Digital Coordinator at Centre for Governance Studies (CGS)
bahauddin@cgs-bd.com

cgs Centre for Governance Studies

5/1, New Eskaton, 2nd Floor, Dhaka 1000, Bangladesh
mail: ed@cgs-bd.com, Web: www.cgs-bd.com