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TABLE OF CONTENTS

INTRODUCTION	1
DANGEROUS CONFRONTATION IN THE SOUTH CHINA SEA: THE ISSUES, THE US-JAPAN-PHILIPPINES ALLIANCE AND WHAT CAN BE DONE ABOUT THE THREAT	3
PRC'S GRAY ZONE ACTIVITIES AND PRESSURE ON TAIWAN – THE KINMEN SPEEDBOAT ACCIDENT AND BEYOND	14
FACTOR'S HINDERING ROK'S ECONOMIC SECURITY STRATEGY	22
TERRORIST GROUPS IN INDONESIA: NAVIGATING WOMEN'S PATHWAYS AND ROLES IN THE LANDSCAPE OF EXTREMISM	36
US-CHINA TECHNOLOGY COMPETITION AND SOUTHEAST ASIA'S FOREIGN POLICY POSTURE: WHERE DO SINGAPORE, THAILAND AND INDONESIA STAND?	48
BRICS' EMERGING ECONOMIC STATECRAFT IS NOT A STRATEGIC THREAT TO THE UNITED STATES – YET	62
ABOUT THE AUTHORS	71

Introduction

Pacific Forum has long prided itself in bringing keen analysis on pressing Indo-Pacific security matters from the best scholars in the field, while also preparing the next generation of thinkers to carry on the work. With this volume we're proud to advance both missions, as readers will find the work of our Adjunct Senior Fellow Elizabeth Freund Larus, who makes use of her decades of experience in discussing the current maritime dispute between the Philippines and China, and what it means for the US-Japan-Philippines trilateral. Elsewhere Yu-cheng Chen, associate professor of the Graduate Institute of China Military Affairs Studies at Taiwan's National Defense University, describes recent trends in the PRC's gray zone activities and their pressure on the Taipei government.

Then Jung-eun Lee, seasoned editorial writer for the *Dong-a Ilbo* and our former nonresident James A. Kelly Korea fellow, assesses the strengths and shortcomings of South Korean President Yoon Suk Yeol's economic security strategy. Dete Aliah, Founder and Director of SeRVE (Society against Radicalism and Violent Extremism) – Indonesia and Women, Peace and Security fellow at Pacific Forum, describes the complicated role played by women in fostering Islamic extremism in Indonesia. Shakthi De Silva, Pacific Forum's nonresident Lloyd and Lilian Vasey fellow, explains the differences in how ASEAN's three biggest economies have responded to the US-China tech competition, and in conclusion, our 2024 summer research intern Ila Prabhuram explains what the growing role of BRICS means—and doesn't mean—for US global leadership. We hope that this diverse array of scholars, whose expertise covers the breadth of the Indo-Pacific, helps policymakers across the region in their decision-making, while also preparing the new generation of thought leaders to take up the task in the years to come.

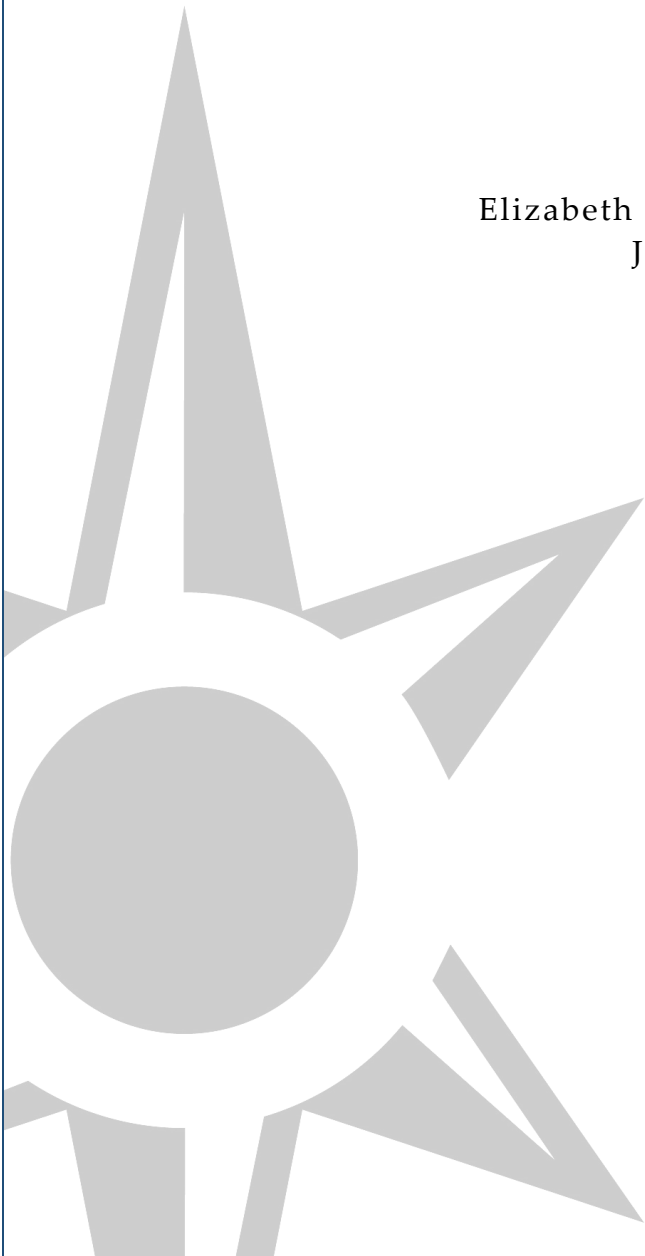
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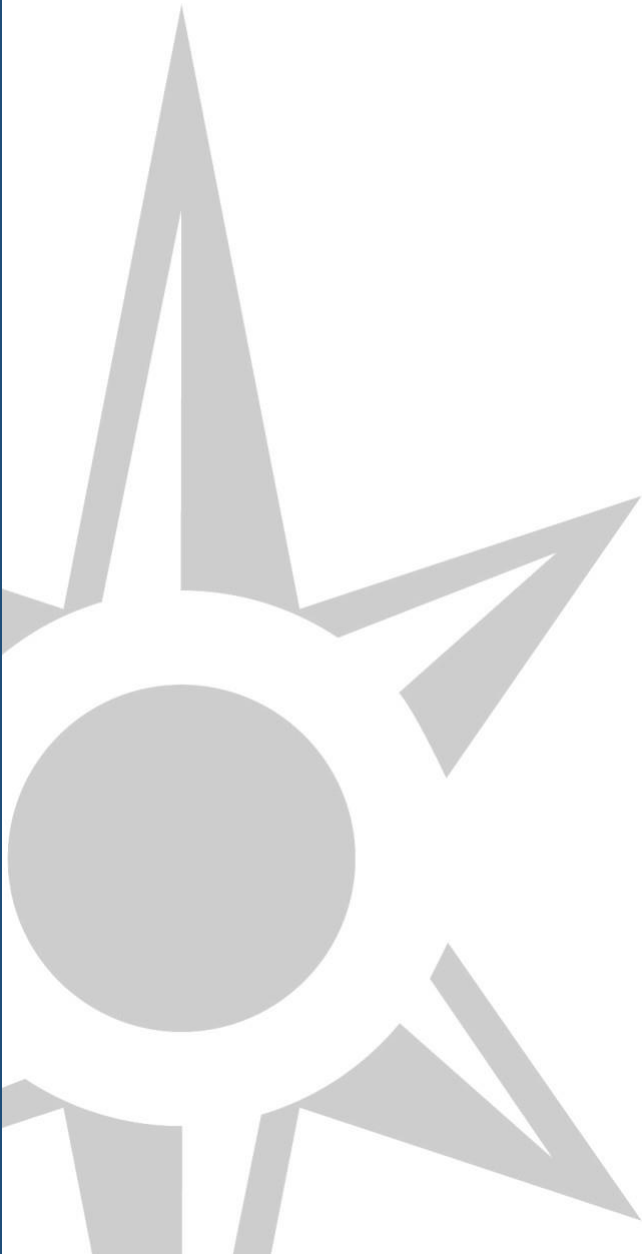
Director for Regional Affairs

Pacific Forum

**Dangerous Confrontation in the South
China Sea:
The Issues, the US-Japan-Philippines
Alliance and What Can Be Done
About the Threat**

By
Elizabeth Freund Laurus and
James Rice





Executive Summary

Elizabeth Freund Larus and James Rice

Following an inaugural summit among the leaders of the United States, Japan, and the Philippines in April, the White House announced a new “trilateral chapter” to relations among the three nations. Of common primary importance to the three nations are maintaining a free and open Indo-Pacific and protecting the existing international order based on international law. Most troubling for the three parties are China’s dangerous and aggressive behavior in the South China and East China seas. Political realignment, coupled with Chinese influence operations, threaten the nascent trilateral alliance, however. Philippine politics has exploded into open rivalry between President Ferdinand Marcos Jr., who favors closer relations with Washington, and his Vice President Sara Duterte, who seeks to accommodate Beijing. This political realignment is taking place against the backdrop of tensions in the South China Sea (West Philippine Sea). China’s Coast Guard (CGG) has heightened aggression over control of the Second Thomas Shoal in the Philippines’ Exclusive Economic Zone (EEZ). China is trying to wrest control of the Shoal, as well as other maritime structures in the South China Sea, in its quest to control the entire South China Sea within its self-described nine-dash line. China’s efforts to increase its influence in the South China Sea and the Indo-Pacific is not limited to maritime activities. Beijing has enhanced its influence operations in the Philippines as well. Under previous President Rodrigo Duterte, China expanded its influence operations by financing POGOS (Philippine Offshore Gaming Organizations). The POGOs are known to engage in not only gambling but human and drug trafficking and extortion. The number of POGOs nationwide exploded during Duterte’s presidency, allowing Beijing a firm foothold in the Philippines. In a recent development, of the POGO’s supporters, the Chinese-Filipino mayor of a small town in northern Philippines has been found to be a Chinese plant. She is now in hiding.

The article proposes the following measures in support of the US-Japan-Philippines alliance.

1. Military Support

The US and its regional partners Japan and Australia can demonstrate their commitment to the Philippine administration through both military and diplomatic means.

2. Person-to-Person Initiatives

To foster stronger ties within the alliance, the US, Japan and Australia should initiate closer diplomatic and person-to-person ties with the Philippines. One existing example of this effort is the US Peace Corps.

3. Expanded Academic Exchanges

Increase bilateral academic exchanges to foster deeper and more enduring ties between the people of the Philippines and the US.

4. Build on the Enhanced Defense Cooperation Arrangement (EDSA)

Manila and Washington must agree to support and expand the existing four bases that the US is using jointly with the Philippine military.

5. Joint Preparation for Emergency Civil Support

A robust policy of disaster preparedness involving US forces, both in country and through US Naval assets offshore can not only go a long way to save lives and property, but also build on existing good will for the US among Filipinos.

6. Enhanced Intelligence Cooperation

Finally, given China's ongoing aggression in the SCS, the US, Philippines, Japan and Australia need to continue to collect and share intelligence to counter the ongoing threats from the PRC within the country.

There is a real sense of urgency regarding the emergent trilateral alliance, and it is up the US to take the initiative. Failure to act in a decisive and timely manner will likely result in a loss of confidence among the Philippines and Japan leadership. It remains unclear what aggression Marcos will tolerate before invoking the US-Philippine defense treaty. Marcos has indicated that this threshold would be the death of a Philippine national caused by China. It would be folly to allow China to intimidate and harass Philippine vessels until such a calamity happens. The US needs to assist Manila in patrolling Philippine EEZs, assisting resupply missions, and possibly replacing the decaying Sierra Madre with another structure. It needs to call on its allies and friends in the Indo-Pacific to act in concert with Washington and Manila, addressing Chinese aggression from all directions.

Failure to act in a decisive and timely manner to result in a loss of confidence among Filipinos for both the Marcos regime and the US. Former Philippine President Duterte had courted China's favor and money. However, Manila has been moving away from Beijing's orbit since Marcos's inauguration. A fundamental realignment is taking place in Philippine politics. Briefly united in a coalition government, the Marcos faction is now in a bitter power struggle with the Sara Duterte faction in the run up to the 2025 bi-elections. Failing to act now will drive voters to support Duterte, who will swing back to accommodating Beijing. The US needs to implement the six measures in support of a democratic and secure Philippines.

Introduction

In April 2024, US President Joe Biden brought Japan Prime Minister Kishida Fumio and Philippine President Ferdinand Marcos, Jr. together for a meeting at the White House. The meeting was truly historic: no previous US president had been able to jointly host the leaders of the two countries. Following an inaugural summit among the leaders of the United States, Japan, and the Philippines in April, the White House announced a new “trilateral chapter” to relations among the three nations. Of common primary importance to the three nations are maintaining a free and open Indo-Pacific and protecting the existing international order based on international law. Most troubling for the three parties are China’s dangerous and aggressive behavior in the South China and East China seas. In particular, the three nations reject China’s militarization of reclaimed features and maritime claims in the South China Sea, as well as China’s attempts to change the status quo by force or coercion in the East China Sea. Following their historic meeting, Biden, Kishida, and Marcos issued a statement calling for a partnership for peace and security.¹ They pledged to cooperate in support of a free and open Indo-Pacific through measures such as enhanced Philippine Coast Guard capacity building, improved interoperability of maritime forces through joint naval exercises, strengthened coordination to promote maritime domain awareness, deeper cooperation on humanitarian assistance and disaster relief, and enhanced maritime law enforcement training to counter China’s illegal, unreported, and unregulated (IUU) fishing, among other things.

Although the policy direction charted by Marcos appears stable, influence operations by both former Philippine President Rodrigo Duterte and China threaten to undermine trilateral alliance building. Marcos, a Duterte political rival, won the Philippine presidency in a landslide election in 2022. Despite expectations that he would continue Duterte’s tilt toward Beijing, Marcos has moved Manila closer to Washington. In response, the Duterte faction is openly attacking Marcos and his American alliance. Duterte’s primary vehicle is Sonshine Media, the

media outlet of a religious movement led by pastor Apollo Quiboloy, who is wanted by the FBI for sex trafficking and bulk cash smuggling.² The Duterte camp also relies on its social media troll army, which posts pro-China, anti-US propaganda across a range of social media platforms, principally, Facebook. China carries out influence operations by financing offshore betting operations, called POGOs, and installing operatives in elective office.

This paper seeks to answer the question of whether political realignment and Chinese influence operations in the Philippines threaten a nascent US-Japan-Philippine alliance. The question is important to the formulation of US policy in the Indo-Pacific and protecting the existing global order based on international law. There is a real sense of urgency regarding a response to China’s aggression and influence operations, and it is up to the US to take the initiative. Failure to act in a decisive and timely manner will result in a loss of confidence among Filipinos for both the Marcos regime and the US. Rodrigo Duterte had courted China’s favor and money. However, Manila has been moving away from Beijing’s orbit since Marcos’s inauguration. A fundamental realignment is taking place in Philippine politics. Briefly united in a coalition government, the Marcos faction is now in a bitter power struggle with the Sara Duterte faction in the run up to the 2025 bi-elections. Failing to act now will drive voters to support Duterte, who will swing back to accommodating Beijing. Open political division between Marcos and Sara Duterte hinders Manila from devising a comprehensive and politically united approach to relations with Beijing. The result is a threat to the US-Japan-Philippine alliance, with the Philippines as the weakest link in the trilateral chain. This paper argues that the United States must adopt concrete measures to facilitate the inception of the multilateral alliance. These measures are increasing military support, fostering person-to-person initiatives, expanding academic exchanges, strengthening the Enhanced Defense Cooperation Arrangement (EDSA), engaging in joint preparation for emergency civil support, and enhancing intelligence cooperation.

¹ White House, “Joint Vision Statement from the Leaders of Japan, the Philippines, and the United States,” *White House Statement and Releases*, April 11, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/04/11/joint-vision-statement-from-the-leaders-of-japan-the-philippines-and-the-united-states/>.

² FBI, “FBI MOST WANTED: APOLLO CARREON QUIBOLOY” (FBI, Nov. 10, 2021), <https://www.fbi.gov/wanted/human-trafficking/apollo-carreon-quistoboloy>.

The China Threat

On June 17, 2024 during a scheduled resupply mission to the Sierra Madre in Second Thomas (Ayungin) Shoal off the coast of Palawan, two Philippine rigid hulled inflatable boats (RHIB) were swarmed and attacked by military personnel from eight Chinese Coast Guard (CCG) vessels. Armed with long knives, axes, clubs and tear gas, some 80 CCG crewmen overwhelmed the Philippine sailors who fought back with only their bare hands. Eight of the Philippine crew were wounded, including one member of the Philippine special forces whose thumb was severed. The Chinese military personnel boarded the two boats, seized supplies, equipment and firearms and chopped through the RHIB's inflatable hull. The two boats were then forcibly towed away from the shoal and were set adrift. The Philippine military condemned the attack, claiming that China's forces have no right or legal authority to hijack Philippine operations and destroy Philippine vessels, and accusing CCG forces of acting like pirates.³

This latest act of armed aggression is yet another example of the escalatory policy that the PRC has chosen to embark on regardless of the cost. The Philippine naval vessels are entitled under customary international law to sovereign immunity, meaning that the PLA Navy (PLAN) vessels were not entitled to board, inspect, search or seize any item from the flag state. Furthermore, these legal claims on the part of the Philippines remain valid regardless of the territorial status of Second Thomas Shoal. In other words, the actions by the PLAN were illegal even if China's claims to the maritime territory were valid.⁴

Related to the June 17 altercation is the implementation only two days earlier of China's new "anti-trespassing policy," which allows CCG forces to detain as trespassers Filipino fishermen who operate in the area that qualifies as Philippine exclusive economic zone (EEZ) around the shoal, which China claims as its own. To intimidate the Philippines, China had deployed some 125 vessels to Philippine-occupied features in the South China Sea from May 28 to June 3. These included nine CCG vessels, 11 China Navy vessels and 105 Chinese maritime militia ships. On June 24, two Chinese and

Philippine ships collided in the SCS. China accused the Philippine ship of deliberately approaching the CCG ship, causing the accident.

Political Realignment in the Philippines

On June 19, Philippine Vice President Sara Duterte abruptly resigned from her cabinet position as Education Secretary. Her resignation signaled the formal end of the political alliance between the two factions that had been formed before the 2022 election. It now appears that the Duterte and Marcos camps in Philippine politics are in a bitter power struggle in the run up to the 2025 bi-elections. But more than partisan politics, the larger stakes are about the direction of the Philippines in the coming years.

What appears to be taking place is a fundamental realignment within Philippine politics. It would have been inconceivable even several months ago to witness an engagement between Marcos and the democratic opposition. What has made such a realignment possible, if not inevitable, has been the fatigue from six years of the chaos that former Philippine President Rodrigo Duterte brought with him, including a bloody "war on drugs."

Duterte moved the Philippines closer to Beijing by taking China's money and allowing offshore gambling centers, called POGOS (Philippine Offshore Gaming Organizations), to serve as a base for China's influence operations. Marcos has tried to reverse the trend by moving Manila closer to Washington and putting the gambling centers under investigation. Vice President Duterte's current defiance of Marcos's authority and her courtship of China threaten the stability of Philippine politics.

Since assuming the presidency in 2022, Ferdinand Marcos, Jr. has altered course and has begun taking steps to restore the Philippine-US alliance. The 2024 International Institute for Strategic Studies (IISS) Shangri-La Conference has served to further strengthen the hand of Marcos and further isolate the Duterte faction and their PRC backers.

It is suggested that Volodymyr Zelenskyy and Ukraine can serve as a common cause, in light of the Ukrainian President's recent observations that the

³ Mikhail Flores and Neil Jerome Morales, "Philippines Tells Beijing Words Must Match Actions in South China Sea," *Reuters*, June 19, 2024, <https://www.reuters.com/world/asia-pacific/philippines-says-beijings-words-not-matching-actions-south-china-sea-2024-06-19/>.

⁴ NAVAL ADMIN, "SOVEREIGN IMMUNITY POLICY" (WASHINGTON DC, Aug. 21), https://www.mynavyhr.navy.mil/Portals/55/Messages/NAVADMIN/NAV2021/NAV21165.txt?ver=EHzWAIORe_7avzdSafZm9g%3D%3D.

PRC has been supplying Russia with lethal supplies in breach of its own promises to the contrary. Zelenskyy is smart enough to realize that the PRC, not just Russia, is a threat to Ukraine. He also had figured out a way to lend moral support to a potential ally, i.e., the Philippines, in a common cause. Marcos seems to have figured this out as well. Just as the PRC is trying to isolate and coerce the Philippines, and having been deprived of support from ASEAN, Marcos is building a wider alliance together with the US, Japan and NATO countries.

Meeting in Switzerland on June 15 and 16, eighty national delegations jointly called for the “territorial integrity” of Ukraine to be the basis for any peace agreement to end Russia’s two-year war. This conference, while not expected to create any breakthroughs to ending the war, did send an important signal to would-be aggressors such as China, which did not attend but has been threatening the territorial integrity of Taiwan and the Philippines. At the same time, there seems to be the collapse of any ASEAN consensus on China’s illegal incursions into the territorial waters of the Philippines and Vietnam in the South China Sea (SCS).⁵ Malaysia’s Prime Minister, Anwar Ibrahim, is openly supporting the PRC’s claims and is mute on any words of support for the Philippines.⁶ To date, no ASEAN country offered support to the Philippines regarding its position in the SCS.⁷

One possible outcome from the IISS Shangri-La Conference could be the beginnings of a realignment from ASEAN to the new US-Philippine-Japan “mini alliance” in the Western Pacific. In a recent Asia Times article, Philippines foreign policy expert Richard Heydarian claims that Zelenskyy seeks to shape an “alliance of democracies” among nations from Eastern Europe to the Western Pacific that face threats from authoritarian powers.⁸ Warming ties with Ukraine would indicate a shift in Philippine

foreign policy orientation from that of the pro-China Duterte presidency to a decidedly anti-American one.

China Influence Operations in the Philippines

During his administration from 2016-2022, Duterte counted on a few things in his pivot toward Beijing and away from Washington. First, he anticipated that Xi’s Jinping’s Belt and Road Initiative would provide oceans of cash for infrastructure projects that Duterte had promised the voters. But the vast amounts of Chinese cash never materialized. Duterte may possibly also have underestimated the resistance that people in the Philippines had to the closer dependence on China. At present about 76% of Filipinos view China as the biggest threat to their country.⁹ This broadly held skepticism in response to China’s growing influence was presumably the main reason that, towards the end of his administration, Duterte did not follow through with his threats to terminate the basing agreement with the US or withdraw from the US-Philippine Mutual Defense Treaty.

What Duterte did do however, was to deliver on the POGOs (Philippine Offshore Gaming Organizations). Under this policy thousands of predominantly male PRC nationals were given or illegally allowed visas to live and work in the country in online gambling centers. The precise number of PRC nationals who are living and working in the Philippines is not clear. However, according to a recent article in the South China Morning Post there are between 300,000 and 150,000 who have been employed by the POGO industry.¹⁰ POGOs are widely known to be vehicles for a wide range of illegal activities, including trafficking in narcotics, money laundering, human trafficking and PRC espionage.

⁵ Trystanto Sanjaya, “Time for ASEAN to Stand up in the South China Sea,” *East Asia Forum*, April 27, 2024, Northeast Asia edition, <https://eastasiaforum.org/2024/04/27/time-for-asean-to-stand-up-in-the-south-china-sea/>.

⁶ “No Big Power Should Dictate Malaysia’s Future: PM Anwar,” *Channel News Asia*, March 31, 2023, Asia edition, <https://www.channelnewsasia.com/asia/malaysia-china-boao-anwar-ibrahim-asean-united-states-south-china-sea-3387986>.

⁷ Editorial Board, “Whither ASEAN in the South China Sea?” *Jakarta Post*, April 15, 2024, Opinion edition, <https://www.thejakartapost.com/opinion/2024/04/15/whither-asean-in-the-south-china-sea.html>.

⁸ Richard Javad Heydarian, “Marcos-Zelensky Love-in Underlines Manila’s Strategic Shift,” *Asia Times*, June 4, 2024, <https://asiatimes.com/2024/06/marcos-zelensky-love-in-underlines-manilas-strategic-shift/>.

⁹ Gaea Katreena Cabico, “76% of Filipinos See China as Biggest Threat to Country,” *Phil Star*, June 6, 2024, <https://www.philstar.com/headlines/2024/06/06/2360790/76-filipinos-see-china-biggest-threat-country>.

¹⁰ Jeffrey Maitem, “In Philippines, Chinese Gambler-Focused Pogos Face Fresh Ban Threat,” *South China Morning Post*, June 3, 2024, Economics edition, <https://www.scmp.com/week-asia/economics/article/3265139/philippines-chinese-gambler-focused-pogos-face-fresh-ban-threat>.

In a bizarre development, a recent investigation revealed that the mayor of the small city of Bamban in northeast Philippines, near Taiwan, is a Chinese plant. The mayor, Alice Guo, has no history of coming from the Philippines. There are no public records that identify her as Filipino, and she said that her father is Chinese. Although Filipinos of foreign descent who are registered voters are eligible for elective office, but those with dual citizenships are not. Residents of Bamban claim that she was unknown before the 2022 elections and that her name only emerged during the election campaigns. There are no school records for Guo, and her birth certificate was registered only when she was 17 years of age. Guo said she was home schooled but has not disclosed the name of the homeschool provider. Guo's candidacy and election as mayor is a red flag because the POGOs has a large center near Bamban. Philippine authorities suspect the Chinese-backed online gambling firms of being centers of PRC espionage, as well as human trafficking and drug manufacture. They are also allegedly involved in hacking and surveillance activities, especially of government websites. Bamban is in close proximity to the rotating bases used by the United States and the Philippines. Philippine Senator Risa Honteveros, who first exposed this irregularity, has been holding Senate hearings into this development. In July, Guo left her position as mayor and went into hiding.

Other Philippine elected officials openly court Beijing. For instance, Cagayan Provincial Governor Manuel Mamba is rabidly pro-PRC. Mamba strongly opposed Marcos' expansion of the US military presence under the Enhanced Defense Cooperation Agreement (EDCA) into Cagayan Province in 2023. Mamba has consistently sought closer ties with the PRC and has opposed the current basing agreement with the United States. Under Mamba's administration, some 1,400 to 2,000 Chinese nationals have enrolled in colleges in the northeastern region of Cagayan near military bases designated in the EDCA, raising suspicions that Chinese nationals were attempting to infiltrate the region.

Six Measures in Support of the US-Japan-Philippine Alliance

Given the challenges to the emerging multilateral alliance, the following six measures are concrete ways in which the US can contribute to the effort.

1. Military Support

First, the US and its regional partners Japan and Australia can demonstrate their commitment to the Philippine administration through both military and diplomatic means. The recent US Congressional aid package included up to \$500 million in military assistance to the Philippines. This tranche of funding can support air defense systems and upgrade the Philippine air force and navy. In addition, US aid supports the refurbishment of the Sierra Madre, a World War II-era ship originally donated by the US that was intentionally grounded on Second Thomas Shoal in 1999. Since that time, the vessel has served as evidence of Philippine occupation of its maritime territory and as a bulwark against further illegal incursions by the PRC.

The continued presence of the Sierra Madre on Second Thomas Shoal has obtained a status beyond the mere existence of an old and rusting grounded vessel. Following the resoluteness and courage of its crew and despite the countless attempts by China's military to cut off food and supplies, the outpost has become a symbol of the resistance in the Philippines of a smaller nation prevailing against an overwhelmingly large adversary in the defense of their sovereignty. The vessel, its officers and crew deserve all the support that the US can offer.

More effort will be needed just to maintain the status quo. The US Navy and Marines must assist the Philippine military to either sustain and upgrade the Sierra Madre or to build a new facility on the shoal that will help to deter further illegal incursions from the PRC Coast Guard and its maritime militia. The new facility must also be more ecologically friendly to the marine environment. As part of this wider effort, and in response to the escalating aggression on the part of China, the US Coast Guard (USCG) announced on June 3 its decision to redeploy ships from its Northern Pacific Command to the West Philippine Sea in support of the Philippine's own

assets in the region.¹¹ At the same time, the Japan Coast Guard has proposed more personnel exchanges with their Philippine Coast Guard to create a network of coast guard counterparts in pursuit of maritime law enforcement and rule of law. If Biden's proposed alliance is to have any credibility, these maritime assets must be on scene to deter China from repeating the June 17 confrontation.

2. Person-to-Person Initiatives

Second, to foster stronger ties within the alliance, the US, Japan, and Australia should initiate closer diplomatic and person-to-person ties with the Philippines. One existing example of this effort is the US Peace Corps. Peace Corps Volunteers in the Philippines currently work with communities throughout the country on youth development projects. It is crucial that Volunteers learn to speak not only Tagalog, but also other dialects including Ilocano and Cebuano, among others.¹² There are currently fewer than 100 Peace Corps Volunteers serving in the Philippines, but the program can and should be scaled up to meet local needs.

3. Expanded Academic Exchanges

Another effective means of fostering deeper and more enduring ties between the people of the Philippines and the US is to increase bilateral academic exchanges. While universities in many countries have adopted a policy of internationalization in recent decades, universities in the Philippines have been reluctant to do so. Local institutions have languished at the bottom of the university league tables simply because they do not engage with the rest of the academic world. After a recent Times Higher Education ranking showed Philippine universities' relatively weaker standing compared to those in other Asian countries, Marcos in May encouraged the government and private sector to their pool efforts to improve the state of higher education.¹³

To improve the international rankings of its universities, Philippine universities must begin the process of internationalization. The primary reason for the lack of engagement is the traditionally low salaries paid to local academic staff. Marcos can endorse a higher education funding initiative offering financial incentives to US academics who engage in research and lecturing appointments in Philippine universities. Correspondingly, Philippine scholars and academics could be offered similar positions in the US. An important additional part of this proposal would be to offer scholarships to Filipino undergraduates and graduate students to study in US universities and other academic institutions. US and Philippine universities also could enter into joint partnership agreements, such as those that exist in other countries, to facilitate joint conferences and research.

As a necessary part of building enduring ties between people and institutions in the US and the Philippines, the US government offer scholarships to younger government lawyers to pursue further degrees at select US law schools. This idea has been long applied in Malaysia where selected junior lawyers employed by the Attorney General's Chambers would be given the opportunity to study for LLM degrees at Cambridge or the University of London. This initiative is important not only because it supports the idea of international collaboration, but also because such collaboration helps strengthen the justice system.

4. Build on the Enhanced Defense Cooperation Arrangement (EDSA)

Manila and Washington must agree to support and expand the existing four bases that the US is using jointly with the Philippine military.¹⁴ New bases opened under the 2014 Enhanced Defense Cooperation Agreement (EDCA) will allow the US to rotate troops to nine bases throughout the Philippines, including the forward deployed base on Balabac Island. Also expect the US to fully support

¹¹ USCG, "U.S., Philippine, Japan Coast Guards Conduct Trilateral Engagements in the Philippines," *United States Coast Guard News*, June 9, 2023, Press Release edition, <https://www.news.uscg.mil/Press-Releases/Article/3423307/us-philippine-japan-coast-guards-conduct-trilateral-engagements-in-the-philippi/>.

¹² Peace Corps, "About Peace Corps in Philippines," Website, n.d., <https://www.peacecorps.gov/philippines/>.

¹³ Cristina Chi, "Marcos' Education Priorities: Climb World Rankings, Keep Free Tuition Law," *Phil Star*, May 15, 2024, Headlines edition, <https://www.philstar.com/headlines/2024/05/15/2355373/-:text=MANILA,%20Philippines%20-%20President%20Ferdinand%20Marcos,compared%20to%20other%20Asian%20countries.>

¹⁴ Brad Lendon, "US Gains Military Access to Philippine Bases Close to Taiwan and South China Sea," *CNN*, April 4, 2023, CNN World edition, <https://edition.cnn.com/2023/04/04/asia/us-philippines-military-base-access-intl-hnk-ml/index.html>.

the annual US-Philippines Balikatan (“shoulder-to-shoulder”) military exercises to build credible deterrence toward would-be aggressors. This support will deepen and strengthen ties between the armed forces of the two countries and will foster the goodwill that already exists between the people of the Philippines and the US. The spring 2024 round of the bilateral training exercises were highly successful. US and Filipino military personnel succeeded in sinking five floating pontoons standing in for amphibious landing ships.

There are a number of potential dangers to the rotating basing agreement, however. There is still a measure of suspicion and resentment towards US military personnel that is left over from the massive US military presence in bases including Subic Bay and Clark Airfield during and after the Vietnam War. It is important to recall that in 1991 the Philippine Senate rejected the renewal of the bases agreement by a margin of only one vote. As a result, the US withdrew its forces from the Philippines, creating a military vacuum in the region that was filled by China, whose legislature in 1992 passed a law claiming the entire South China Sea under its self-declared nine-dash line (now a ten-dash line).

US policy makers must recognize that many people in the Philippines view any US military presence through the lens of its own American colonial history. It is important to realize also that there are many who are skeptical of a foreign military on Philippine soil. In addition, incidents between US military personnel and locals have only served to enflame resentment towards the US presence. For instance, in 2014 an off-duty US Marine corporal brutally murdered a Filipino woman he had met in a bar in Olongapo City after he discovered that she was a transgendered person. The case caused a firestorm of protest in the Philippines and raised the issue of criminal jurisdiction under the Status of Forces Agreement (SOFA). Much of the local resentment was centered on US insistence that it have jurisdiction over the defendant. Although the issue was eventually resolved through compromise, the wider implications of the case did significant damage to the image of the US forces in the Philippines and to the alliance as a whole. Following that case, both left-wing groups and nationalists called for an end to US

troops in the Philippines. Such incidents must not be allowed to happen again, not only because they are inherently wrong, but also because of the damage that they do to the fabric of the alliance. As a result, visiting US forces must receive extensive briefings and guidelines on the manner in which they are expected to conduct themselves while on and off duty.

News regarding the US is commonly distorted or amplified by social media in the Philippines. For instance, Reuters news agency broke a story in June which claimed that the US military was behind a disinformation campaign discrediting the safety and efficacy of the Chinese developed COVID-19 vaccine, Sinovac.¹⁵ The clandestine operation, which was run during the summer of 2020 on social media platforms, was in response to China’s efforts to spread false information about the origins of COVID. The virus first emerged in China in late 2019 and in March 2020, Chinese government officials claimed that the virus may have been first brought to China by an American service member who participated in an international military sports competition in Wuhan the previous year. Chinese officials also suggested that the virus may have originated in a US Army research facility at Fort Detrick, Maryland. This kind of shadowy manipulation of information is a tool wielded by those opposed to the US-Philippine alliance and can undermine warming bilateral relations.

5. Joint Preparation for Emergency Civil Support

Existing and future US forces in the Philippines are there not only to enhance the Philippine military but also to jointly assist civil authorities in cases of natural disasters. The Philippines is regularly subjected to a wide range of natural disasters including, volcanic eruptions, such as the catastrophic Mount Pinatubo eruption of 1991, as well as super typhoons, earthquakes and coastal flooding. The government is usually slow to respond to these calamities. For instance, following super typhoon Haiyan in November 2013 in which nearly 250,000 people were affected, many people, including then-Davao City Mayor Rodrigo Duterte, criticized the government response.¹⁶ Many voters

¹⁵ Chris Bing and Joel Schectman, “Pentagon Ran Secret Anti-Vax Campaign to Undermine China during Pandemic,” *Reuters*, June 14, 2024, A Reuters Investigation edition, <https://www.reuters.com/investigates/special-report/usa-covid-propaganda/>.

¹⁶ Edwin G. Espejo, “Duterte in Tears after Visiting Tacloban,” *Rappler*, Nov. 12, 2013, <https://www.rappler.com/philippines/43492-duterte-in-tears-after-visiting-ravaged-tacloban/>.

remembered his heartfelt response to their suffering in the following election.¹⁷

A robust policy of disaster preparedness involving US forces, both in country and through US Naval assets offshore can not only go a long way to save lives and property, but also build on existing good will for the US among Filipinos. Stockpiles of supplies that can be used for a range of natural disasters such as earthquakes, typhoons and floods should be prepositioned on bases throughout the country. A great deal of good will can also be generated towards the visiting members of the alliance, along with their Filipino colleagues, by simple actions such as the building or repair of schools and medical clinics. These initiatives should be carried out in coordination with local governments, which are very influential in the provinces.

6. Enhanced Intelligence Cooperation

Given China's ongoing aggression in the SCS, the US, Philippines, Japan and Australia need to continue to collect and share intelligence to counter the ongoing threats from the PRC within the country.¹⁸ China has actively been attempting to infiltrate and weaken the Philippines as a part of its gray zone tactics through a wide range of attacks. These include heightened levels of cyber attacks, misinformation campaigns, electronic eaves dropping, human infiltration inside the country by PRC operatives, elite capture operations, influence peddling, money laundering, and through "United Front" operations.

Each of these methods poses a threat of its own. The Philippine defense chief has warned about the gravity of this danger indicating the possible covert activities by Chinese workers in the country are a security risk.¹⁹

These challenges present themselves as a bewildering and intimidating force and a clear and present danger

to the country. The best way to address the danger is for the US to partner with the Philippine military to counter this growing intelligence threat. The US offers a wide and deep array of assets including signals intelligence, satellite intelligence as well as its own databases that would include hostile military personnel that may be operating inside the Philippines. The Philippine military can contribute human intelligence and confidential informants to the effort.

Conclusion

The United States needs to implement the six measures in support of a democratic and secure Philippines and to respond to China's threats to the peace and stability of the Indo-Pacific. Failure to do so will likely result in a loss of confidence among the Philippines and Japan leadership. It remains unclear what aggression Marcos will tolerate before invoking the US-Philippine defense treaty. Marcos has indicated that this threshold would be the death of a Philippine national caused by China. It would be folly to allow China to intimidate and harass Philippine vessels until such a calamity happens. The US needs to assist Manila in patrolling Philippine EEZs, assisting resupply missions, and possibly replacing the decaying Sierra Madre with another structure. It needs to call on its allies and friends in the Indo-Pacific to act in concert with Washington and Manila, addressing Chinese aggression from all directions.

¹⁷ Dakila Kim P. Yee, "A Perfect Storm? How Disasters Impacted Democracy in the Philippines," *International Affairs*, June 9, 2022, Australian Outlook edition, <https://www.internationalaffairs.org.au/australianoutlook/a-perfect-storm-how-disasters-impacted-democracy-in-the-philippines/>.

¹⁸ "PHILIPPINES THREAT OVERVIEW," *Cyfirma*, Oct. 9, 2023, <https://www.cyfirma.com/research/philippines-threat-overview/>.

¹⁹ Camille Elemia and Jojo Rlñoza, "Philippines Defense Chief: 'Covert' Actions of Chinese Workers in Country a 'Security Risk,'" *Benar News*, Sept. 15, 2023, <https://www.benarnews.org/english/news/philippine/philippines-chinese-workers-security-risk-09152023162122.html>.

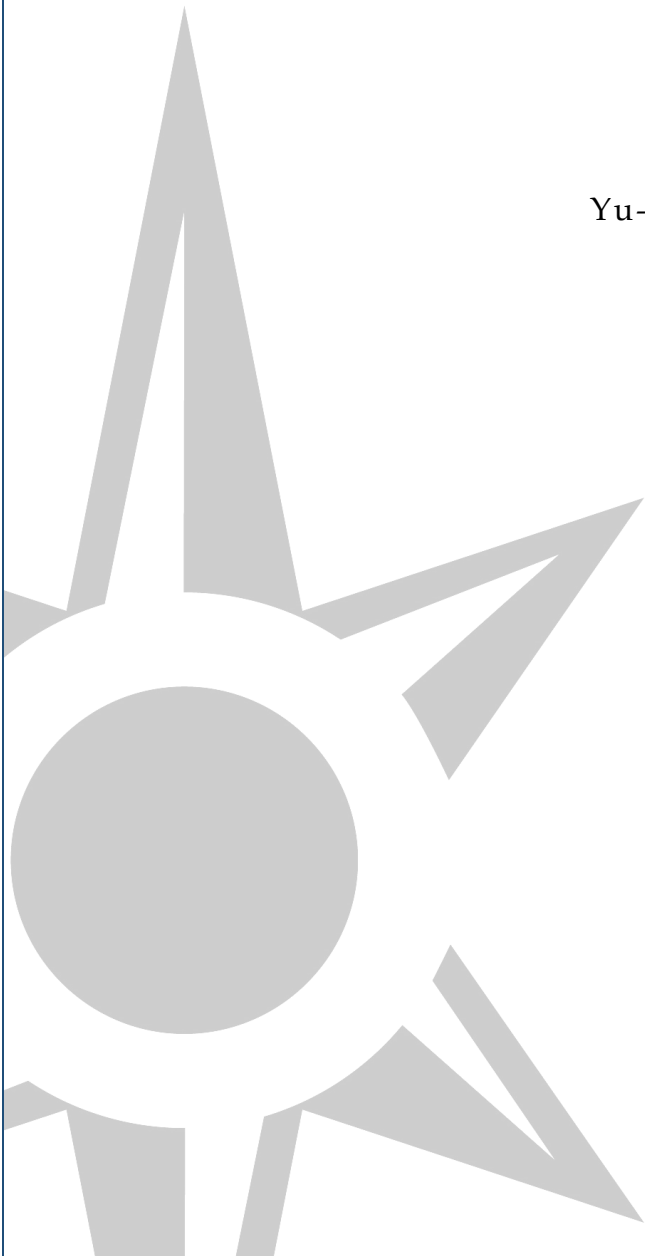
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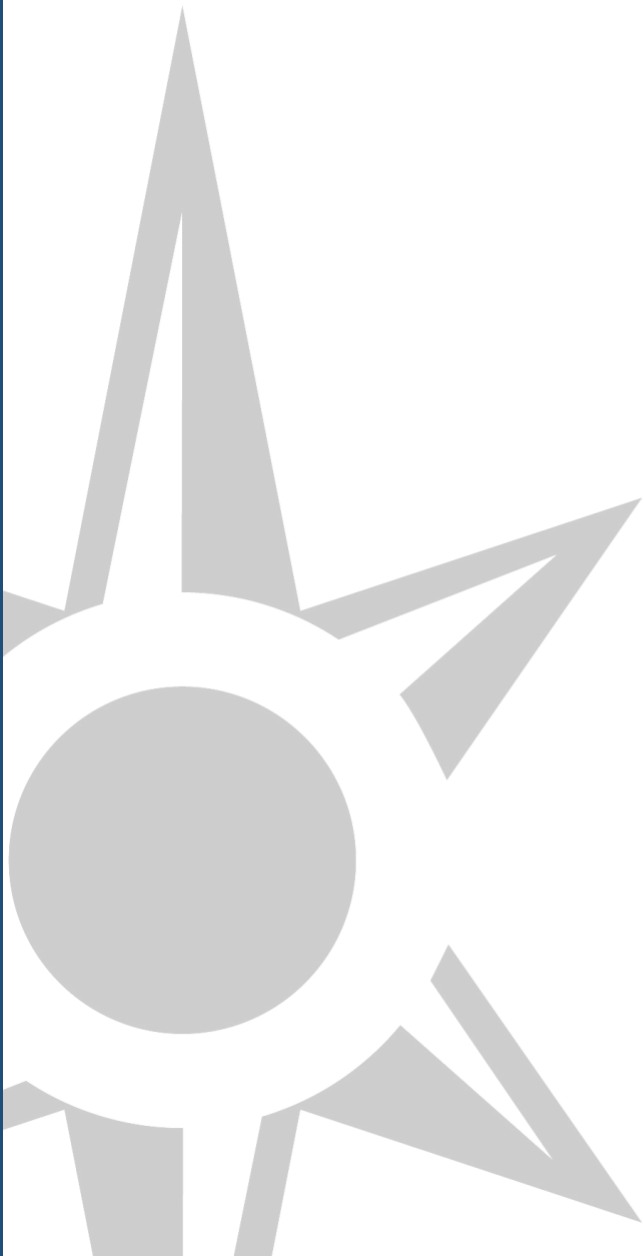
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PRC's Gray Zone and Pressure on Taiwan—The Kinmen Speedboat Accident and Beyond

By
Yu-Cheng Chen





Executive Summary

Yu-Cheng Chen

In recent years, the People's Republic of China (PRC) has intensified its gray zone activities around Taiwan, employing a blend of military, paramilitary, and civilian assets to assert sovereignty claims and pressure Taiwan without escalating to open conflict. This approach blurs the lines between peace and war, using tactics that remain below the threshold of conventional warfare. A significant accident in this ongoing pressure campaign is the Kinmen speed boat capsizing accident. On Feb. 14, 2024, an unregistered speedboat from the PRC entered Taiwan's restricted waters, resulting in a collision with Taiwan's Coast Guard and the death of two crew members. This accident highlights PRC's strategic use of non-military vessels to challenge Taiwan's jurisdiction and increase regional tensions.

The PRC's deployment of coast guard ships, official vessels, and scientific research vessels near Taiwan fits within a broader gray zone framework, aiming to assert control, gather intelligence, and intimidate without provoking a full-scale military response. These activities serve multiple strategic purposes: asserting sovereignty, routine enforcement, and undermining Taiwan's governmental authority. The aftermath of the Kinmen accident saw increased Chinese maritime patrols and enforcement actions in the region, reflecting a strategic shift towards regularized patrols and direct administration of contested waters.

The PRC's gray zone tactics are designed to conduct continuous pressure on Taiwan, complicate international responses, and gradually erode Taiwan's control over its nearby waters. This method reflects a strategic move to reinforce PRC's sovereignty claims and set new governance standards in the Taiwan Strait, thereby challenging the status quo and undermining regional stability. The international community, including the United States, emphasizes adherence to international laws and norms to counterbalance these aggressive maneuvers and maintain a rules-based order.

Introduction: Stirring the Waters

In the shadow of the Taiwan Strait, an unregistered speedboat from the PRC capsizes, stirring the waters in more ways than one. This is no ordinary accident—it unveils a covert war, a struggle quietly unfolding on the brink of peace and conflict. As the boat overturns in the restricted waters off Kinmen, it not only challenges Taiwan's sovereignty but also escalates tensions in these ancient waters. With the frequent deployment of Chinese Coast Guard (CCG) ships, official vessels, and scientific research vessels around Taiwan, Beijing is sending a clear message to Taipei: They are ready to uphold their interests, employing gray zone tactics—actions that blur the lines between peace and war, employing tactics that remain below the threshold of conventional warfare. From the Kinmen speedboat accident to complex maneuverings on the international stage, this invisible war evolves, casting a shadow of uncertainty over the future of the Taiwan Strait. As Taiwan was about to welcome the inauguration of a new president, this series of actions by the PRC served not only as a warning to the Taiwanese government but also as a test for the ongoing political transition.



Figure 1: Taiwan and PRC's dispute over the waters around Kinmen Island. Source: "Taiwan and China's dispute over the waters around Kinmen," *Focus Taiwan*, Feb. 19, 2024, <https://focustaiwan.tw/cross-strait/202402190007>

The Kinmen Speedboat Accident

An unregistered and unnamed speedboat from the PRC entered the disputed waters established by Taiwan's government in 1992, a demarcation which the Chinese government does not recognize. On Feb. 14, the speedboat crossed into the restricted waters and was intercepted by the Maritime Affairs Council's Coast Guard Administration (CGA), Ninth Coast Guard District of Taiwan, for inspection.¹ After refusing inspection and attempting to flee, a collision occurred during the chase, resulting in four crew members falling overboard, two of whom later died in the hospital.² This fatal accident, which heightened tensions across the Taiwan Strait, has been perceived as part of the PRC's broader strategy to assert its claims over Taiwan and challenge the status quo. The response from Taiwan's authorities, including investigations and maritime patrols, underscores the complexities and dangers of managing such gray zone confrontations.³

Seeking Maritime Advantage through Gray Zone Activities

Gray zone activities, as defined in the broader context of the PRC's military strategy toward Taiwan, involve operations deliberately designed to remain below the threshold of open military conflict. These activities aim to coerce, intimidate, and influence Taiwan while avoiding the international backlash that would accompany more overt military actions.⁴ This method provides the PRC with the flexibility to pursue its objectives under the radar of international condemnation, enabling it to test the resilience and response of its adversaries while maintaining plausible deniability. The employment of coast guard ships, official vessels, and research ships in the waters around Taiwan fits within this gray zone framework, serving multiple purposes including sovereignty assertion, maritime harassment, and intelligence collection.⁵

In other words, with Xi taking control, there was a notable advancement in incorporating the CCG and

¹ (有關 2 月 14 日 媒體報導「陸籍漁船拒檢追逐翻覆 4 人落海釀 2 死」意外案), 《海洋委員會海巡署》, 2024 年 2 月 21 日, <https://www.cga.gov.tw/GipOpen/wSite/ct?xItem=159732&ctNode=10198&mp=999>

² "Death of 2 Chinese men off Kinmen regrettable: Taiwan agency," *Focus Taiwan*, February 15, 2024, <https://focustaiwan.tw/cross-strait/202402150011>

³ Sze-Fung Lee, "Decoding Beijing's Gray Zone Tactics: China Coast Guard Activities and the Redefinition of Conflict in the Taiwan Strait,"

Global Taiwan Brief, Vol. 9, Issue 6, March 2024, <https://globaltaiwan.org/wp-content/uploads/2024/03/GTB-Volume-9-Issue-6.pdf>

⁴ Jacob Stokes, *Resisting China's Gray Zone Military Pressure on Taiwan* (Washington, DC: Center for a New American Security, 2023), pp. 2-3.

⁵ Taiwan's Ministry of National Defense, *ROC National Defense Paper 2023* (Taipei City: Ministry of National Defense, 2023), pp. 41-42.

maritime militia into the military's hierarchy.⁶ This integration of maritime forces into the armed forces represents a strategic move by the PRC's leadership to perpetually engineer gray zone scenarios. The aim is to apply continuous pressure on adversaries without escalating to open military confrontation with other nations. Its three core missions are now internal security, maritime security, and supporting the People's Liberation Army during wartime. All these reforms enable the CCG to effectively deter opposing maritime forces and secure China's interests, including those related to Taiwan.⁷ In addition, the CCG and similar assets represent methods by which the PRC engages in gray zone tactics to harass Taiwan. For example, scientific research vessels and official government ships are often used to assert control and gather intelligence without direct military involvement.⁸ These gray zone activities align with the PRC's broader goal of reunification with Taiwan under its terms, by gradually increasing pressure and asserting control over the waters around Taiwan.

A More Significant Role for the CCG

The deployment of ships allows the PRC to undertake assertive actions without directly involving military forces, thus reducing the risk of military escalation and international backlash. Firstly, the CCG detained and boarded a Taiwanese tourism vessel near Kinmen on Feb. 19.⁹ Secondly, CCG ships were reported to have been active near Kinmen and Matsu Island; however, they did not enter the restricted waters designated by Taiwan on Feb. 19 and 21.¹⁰ Nonetheless, after Feb. 20, Chinese maritime surveillance vessels and CCG ships were detected in the area. On Feb. 26, one Chinese maritime surveillance vessel entered the prohibited waters

near Kinmen, and four Coast Guard ships entered restricted waters;¹¹ this was followed by three CCG ships entered Taiwan's contiguous zone, a buffer area between 12 and 24 nautical miles off the east coast of the main island, on Feb. 27.¹² This occurrence is unusual, as the presence of CCG vessels along Taiwan's east coast is rare; these ships typically operate around the contested Senkaku Islands, controlled by Japan.¹³ In addition, four CCG ships entered the prohibited waters near Kinmen and were expelled by Taiwan's CGA on March 15.¹⁴



Figure 2: A Chinese surveillance ship (red) intruded on Taiwan's territorial waters off the coast of Great Kinmen Island on Feb. 20. Source: Keoni Everington, "Chinese surveillance ship enters restricted waters of Taiwan's Kinmen," *Taiwan News*, Feb. 20, 2024, <https://www.taiwannews.com.tw/en/news/5099622>

According to official Chinese media, the CCG is commanded by the People's Armed Police (PAP) and has been reorganized into the CCG Bureau.¹⁵ This bureau is charged with a range of maritime law enforcement responsibilities, including combating illegal maritime activities, maintaining maritime public order and national defense, exploiting marine

⁶ Yamaguchi Shinji, Yatsuzuka Masaaki and Momma Rira, *NIDS China Security Report 2023: China's Quest for Control of the Cognitive Domain and Gray Zone Situations* (Tokyo: The National Institute for Defense Studies, 2022), iv.

⁷ Eric Chan, "Escalating Clarity without Fighting: Countering Gray Zone Warfare against Taiwan (Part 2)," *Global Taiwan Brief*, Vol. 6, Issue 11, June 2021, pp. 2-3.

⁸ William Chih-tung CHUNG, "Analysis of Taiwan's Strategy against China's Grey Zone Activities in the South China Sea," *East Asian Policy*, No. 15, 2023, p. 8.

⁹ "Taiwan vessel returns to Kinmen after being boarded by Chinese coast guard," *Focus Taiwan*, Feb. 19, 2024, <https://focustaiwan.tw/cross-strait/202402190022>

¹⁰ "After incident, Chinese boats patrol waters near Taiwan-held Kinmen," *Focus Taiwan*, February 2024, <https://focustaiwan.tw/cross-strait/202402190011>; Matthew Strong, "Taiwan tracks 3 Chinese ships near offshore island of Matsu," *Taiwan News*, Feb. 21, 2024, <https://www.taiwannews.com.tw/news/5099999>

¹¹ Ben Blanchard and Yimou Lee, "Taiwan says 5 China coast guard ships entered waters near frontline islands," *Reuters*, Feb. 27, 2024, <https://www.reuters.com/world/asia-pacific/taiwan-minister-says-5-china-coast-guard-ships-entered-waters-around-kinmen-2024-02-27/>

¹² Shelley Shan, "CGA rejects report about driving off ships," *Taipei Times*, March 6, 2024, <https://www.taipeitimes.com/News/taiwan/archives/2024/03/06/200381453>

¹³ 〈圍台新模式！3大陸海警船罕見現蹤東部外海一度衝入24浬遭驅離〉, 《中時新聞網》, 2024年3月5日, <https://www.chinatimes.com/realtimenews/20240305002460-260407?chdtv>

¹⁴ "4 Chinese coast guard vessels enter prohibited waters off Kinmen," *Focus Taiwan*, March 15, 2024, <https://focustaiwan.tw/cross-strait/202403150016>

¹⁵ Joel Wuthnow, *China's Other Army: The People's Armed Police in an Era of Reform* (Washington, D.C: National Defense University Press, April 2019), pp. 9-10, 15.

resources, protecting the marine ecological environment, managing fisheries, and preventing smuggling.¹⁶

The CCG announced law enforcement patrol activities in the waters surrounding Kinmen on Feb. 18, Feb. 25, and March 15. After these dates, CCG ships entered Taiwan's prohibited waters. Notably, a month after the Kinmen speedboat accident, the CCG announced it had organized patrol fleets near Kinmen Island and delineated a new route that encroaches upon the prohibited waters,¹⁷ thereby escalating the situation and violating the status quo.



Figure 3: The CCG announced that it commenced lawful enforcement patrols, with the route (red line) primarily encroaching upon the prohibited and restricted waters of Kinmen. Source: "Four Chinese Coast Guard ships intruded into the prohibited and restricted waters of Kinmen, and were escorted out by the Coast Guard.," *Central News Agency*, Feb. 19, 2024, <https://www.cna.com.tw/news/acn/202403150328.aspx>

Not only did law enforcement vessels appear near Taiwan and offshore islands, but scientific research vessels also showed up. By deploying non-military vessels, the PRC masks its aggressive maneuvers as legal and civilian operations, thus complicating international responses and making it challenging for other countries to justify a military response. The "Da Yang" (大洋號) scientific research vessel, used for

marine scientific surveys, has been conducting underwater resource investigation operations in the Western Pacific for some time. However, after the Taiwan Affairs Office of the State Council's first statement following the accident, the "Da Yang" was discovered close to Taiwan's eastern maritime region, within 24 nautical miles of the contiguous zone, from Feb. 15 to 17.¹⁸ The presence of all these maritime vessels supports the PRC's ongoing efforts to maintain constant surveillance.¹⁹

The Kinmen speedboat accident stands as a stark reminder of the ongoing tensions in the Taiwan Strait, characterized by the PRC's use of gray zone tactics to challenge the status quo. Similar incidents have occurred in the East and South China Seas. Comparing this to other regional confrontations, it is evident that the PRC is systematically employing these tactics across multiple fronts to expand its influence and control.

Strategic Implications of PRC's Maritime Activities near Taiwan

The strategic implications for Taiwan and the international community are complex, showcasing the PRC's blend of deterrence and assertiveness in the region. The deployment of Chinese vessels, including coast guard ships, maritime surveillance vessels, and scientific research vessels near Taiwan, fulfills several strategic roles:

Strategic Deterrence: The presence of these vessels serves as a deterrent, signaling the PRC's readiness to uphold its claims and interests. A Chinese scholar highlighted, "The targeted enforcement patrol by the CCG represents a strong move and a warning to Taiwan's government, challenging the so-called prohibited and restricted waters of Taiwan."²⁰ Additionally, a PLA source notes that "strategic deterrence" is adaptable, used in various contexts to "shape the situation,"²¹ in line with Xi Jinping's military strategy for the new era.

¹⁶ "China Coast Guard Holds Interview on Maritime Law Enforcement," *Office of China Coast Guard Bureau*, Nov. 15, 2021, https://www.ccg.gov.cn/mhenu/2021/news_release_1115/33.html

¹⁷ Yang Sheng, "China Coast Guard carries out more law-enforcement patrols in waters near Kinmen," *Global Times*, March 17, 2024, <https://www.globaltimes.cn/page/202403/1308986.shtml>

¹⁸ 〈國台辦：強烈譴責台方驅離福建漁船致兩人罹難〉, 《國務院台灣辦公室》, 2024年2月14日, http://www.gwytb.gov.cn/xwdt/xwfb/wyly/202402/t20240215_12600008.htm; Kathrin Hille, Josh Gabert-Doyon and Chris Cook, "Chinese research

ships increase activity near Taiwan," *Financial Times*, Feb. 27, 2024, <https://www.ft.com/content/0dfb94d7-e140-4d6c-97b9-18ec410d6a7c>

¹⁹ Taiwan's Ministry of National Defense, *ROC National Defense Paper* 2023, p. 41.

²⁰ 〈中國海警照片顯出金門專家：與2022年「軍艦寶島同框照」有三點共通〉, 《環球網》2024年2月26日, <https://hqtime.huanqiu.com/article/4Gk4Zuc8wi4>

²¹ Yu-cheng Chen, "Fourth Taiwan Strait Crisis? Examining the Implications of PLA Exercises Following Pelosi's Taiwan Visit from the Perspective of Strategic Deterrence," *The Korean Journal of Defense Analysis*, Vol. 35, No. 2, June 2023, p. 295.

Routine Enforcement and Direct Administration by CCG Ships: The CCG's normalization of enforcement actions in areas like the waters around Kinmen signifies a shift towards regularized patrols. Chinese scholars predict that such patrols near Kinmen Island could signal a move towards a new governance model in the Taiwan Strait.²² By directly administering these maritime zones, the PRC aims to solidify its actual control through non-military means, pushing forward its strategic goal of turning the Taiwan Strait into its "internal sea."²³ This policy of treating the Taiwan Strait as an internal sea is being gradually implemented, evidenced by the extension of "combat readiness patrols."²⁴ The strategy is intended to tighten control over the waters near Taiwan, effectively constraining Taiwan's ability to maneuver freely. By employing a multi-dimensional approach and engaging in gray-zone tactics, the PRC seeks to achieve its political and military objectives, subtly undermining Taiwan's jurisdiction and control over its nearby waters without precipitating an overt conflict. This method reflects a gradual move towards reinforcing sovereignty and setting up new governance standards in the region.²⁵

Undermining the Narrative and Eroding Confidence in the Taiwanese Government: The PRC's actions are designed to forge narratives that bolster its legal and political stance on sovereignty, thereby exerting pressure on Taiwanese society. The Chinese government excels at targeted propaganda during pivotal events, capturing the lead in public opinion and discourse, a strategy that resonates with their public opinion warfare tactics.²⁶ An accident involving an unregistered and unnamed Chinese speedboat resulted, yet the initial response lacked transparency. This accident was twisted by the PRC to condemn Taiwan's CGA, diverting attention from the main problem of PRC law enforcement failing to

issue an early warning about the speedboat's activities.²⁷ One of the PRC's objectives is to amplify public criticism within Taiwan following the accident, highlighting doubts about the competence and integrity of Taiwan's maritime authorities.²⁸ This strategy aims to weaken public trust in Taiwan's governance over its waters, particularly when confronted with challenges posed by the CCG.²⁹ Countries in the Indo-Pacific region, alongside international powers such as the United States, have called for adherence to international laws and norms, particularly the United Nations Convention on the Law of the Sea (UNCLOS). There have been increased efforts to enhance maritime domain awareness, conduct freedom of navigation operations (FONOPs), and strengthen regional security alliances and partnerships. These actions signify a collective endeavor to counterbalance the PRC's gray zone tactics and assert the importance of a rules-based international order.

Conclusion

Overall, the Chinese government is expanding the scope of their gray zone tactics. Previously, the activities of the CCG in the waters around Taiwan were not as conspicuous as those in the East and South China Seas. However, in the aftermath of the Kinmen speedboat accident, the PRC has utilized maritime assets to intimidate Taiwanese authorities, effectively infringing on Taiwan's jurisdictional rights, and crafting a morally justified position aimed at undermining the Taiwanese people's trust in their government. This expansion not only bolsters the PRC's control and surveillance over the maritime areas around Taiwan but also equips it with a wider strategic framework and additional means of exerting pressure. The Kinmen speedboat capsizing accident should be viewed as merely one of several

²² Guo Yuandan and Du Qiongfang, "Mainland coast guard's entry into so-called 'restricted waters' near Kinmen signals normalized law enforcement in the region," *Global Times*, Feb. 28, 2024, <https://www.globaltimes.cn/page/202402/1307817.shtml>

²³ Cheng-fung Lu, "China's Claim of the Taiwan Strait as 'Inland Waters' and the Kinmen Incident," *Prospects & Perspectives*, No. 14, March 5, 2024, p. 3, <https://www.pf.org.tw/wSite/public/Attachment/003/f1709703055724.pdf>

²⁴ Kathleen Calderwood and Lucy Sweeney, "These charts show why there may be a spike in Chinese military planes flying over Taiwan's airspace this week," *ABC News*, Aug. 12, 2023, <https://www.abc.net.au/news/2023-08-12/chinese-military-aircraft-flights-over-taiwan-adiz-may-increase/102711504>

²⁵ 林瀚城, 〈臺灣海峽中線在美中臺的地位〉, 《國會季刊》, 第 49 卷第 3 期, 2021 年 9 月, 頁 94-95, https://www.ly.gov.tw/Pages/ashx/File.ashx?FilePath=~/File/Attach/211278/File_19728792.pdf.

²⁶ U.S. Air University, *In Their Own Words: In Their Own Words: 2020* (Montgomery, AL: China Aerospace Studies Institute, 2022), pp. 240-244.

²⁷ 〈陸委會呼籲中共當局以對等互惠、理性務實態度處理兩岸事務, 共同維護兩岸人民福祉權益〉, 《中華民國大陸委員會》, 2024 年 2 月 28 日, https://www.mac.gov.tw/News_Content.aspx?n=B383123AEADAE52&s=F0D637B4E5501C42; "Taiwan Defends Coast Guard After China Complains Over Fatal Accident," *Voice of America*, Feb. 15, 2024, <https://www.voanews.com/a/taiwan-defends-coast-guard-after-china-complains-over-fatal-accident-7488562.html>

²⁸ Wu Jen-chieh and Jonathan Chin, "Fishery associations show support for the coast guard," *Taipei Times*, March 9, 2024, <https://www.taipeitimes.com/News/taiwan/archives/2024/03/09/200381466>

²⁹ 〈中國快艇翻覆案 漁民力挺海巡：執法絕對正確〉, 《中央社》2024 年 3 月 8 日, <https://www.cna.com.tw/news/aipl/202403080098.aspx>

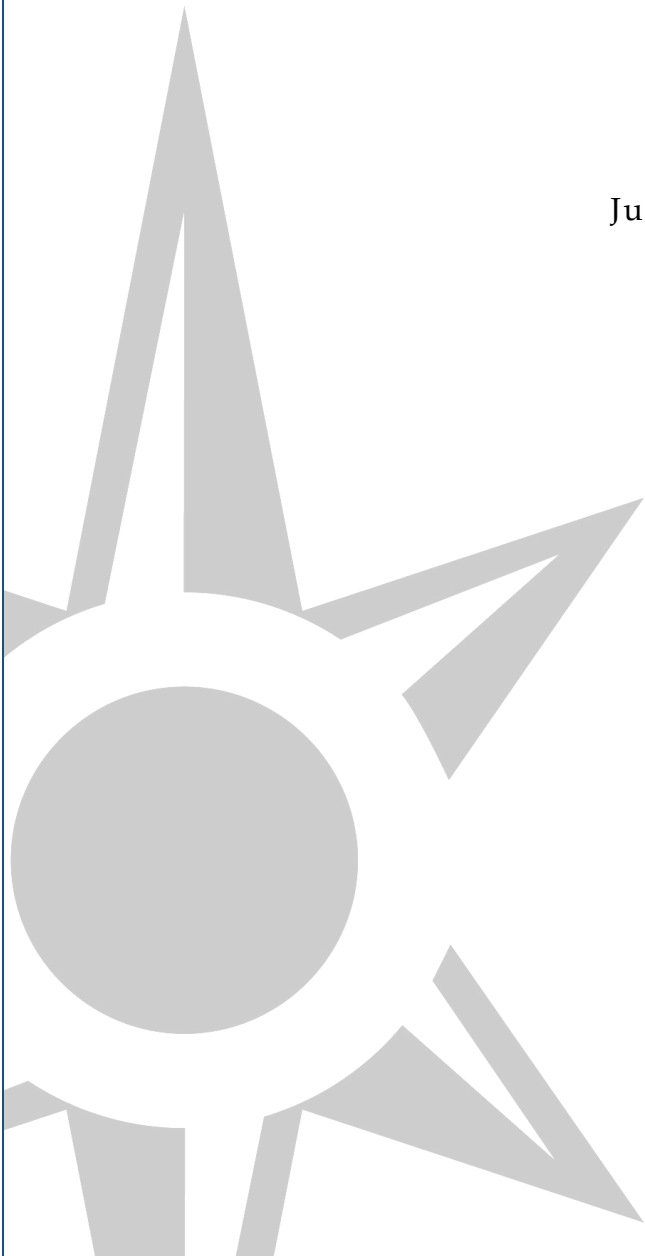
accidents orchestrated by the Chinese government ahead of the presidential inauguration on May 20. It is imperative that the Taiwan government remains vigilant and prepared to address more cross-strait contingencies in the future.

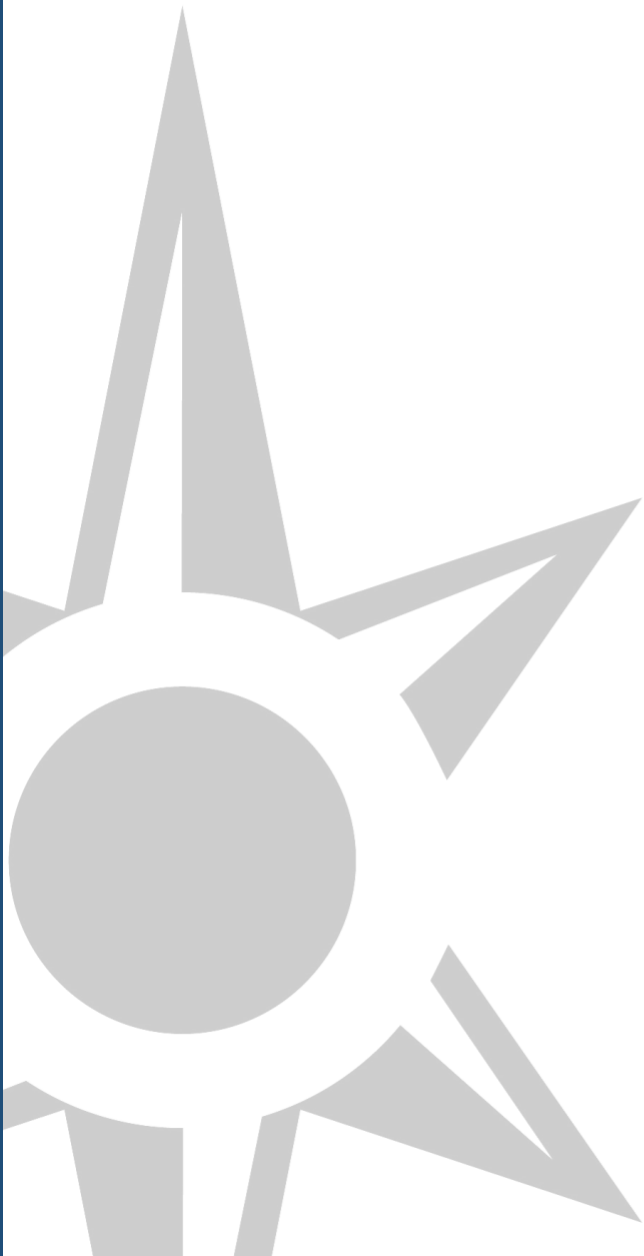
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Factors Hindering ROK's Economic Security Strategy

By
Jung Eun Lee





Executive Summary

Jung Eun Lee

Under President Yoon Suk Yeol (2022-present) “economic security” has emerged as a crucial policy priority for South Korea in response to the COVID-19 pandemic and the growing tensions between the US (Korea’s security ally) and the People’s Republic of China (Seoul’s major trading partner). President Yoon’s policies on this front, however, have been hampered by a vague definition of “economic security” and the difficulties in satisfying the US without accelerating tensions with Beijing. Furthermore, the administration suffers from a noticeable lack of coordination in setting economic policy. This paper offers recommendations, based on Yoon administration actions so far and the challenges encountered.

Introduction

Economic security stands as a crucial policy priority for the Yoon Suk Yeol administration, which assumed power in the Republic of Korea (ROK) in 2022. Given the global supply chain crisis, triggered by the coronavirus pandemic, the significance of semiconductors has reached unparalleled heights, impacting both the future of the industry and national security. Within this context, the United States and China's ongoing technological competition and hegemonic clashes present fresh challenges for the ROK, a country positioned in the midst of these dynamics.

President Yoon has emphasized the importance of expanding the concept of traditional military-focused national security, primarily focused on responding to North Korea's nuclear and missile threats, to the wider spectrum of technological and economic security. This also reflects global supply chain problems exacerbated by the US-China conflict and Russia's invasion of Ukraine. At the first Ministry of Foreign Affairs briefing to the president in July 2022, Yoon said "economic diplomacy is the most important thing. If it helps our economy, I will visit anywhere."¹

Contrary to popular opinion, the prevailing wave of the economic security challenge arises not from China but from the ROK's sole ally, the United States. Eager to contain China's technological ascent, the US swiftly escalated pressure on its regional ally, leading to legislation like the "CHIPS and Science Act" and the Inflation Reduction Act (IRA). Whether intentional or not, these policies have exerted significant pressure on allied nations and partners. The ROK, a leading country in critical economic security sectors such as semiconductors and electric vehicles, bore the brunt of this pressure. Korea was forced to sacrifice certain economic interests in order to better align its policies with those of the US. This intense pressure has created a challenging diplomatic environment for President Yoon, who has vowed to restore bilateral ties and strengthen the alliance with the US.

The Yoon administration has also encountered difficulties in policy formulation and implementation. These various hurdles, including potential backlash

from China, not only impacts the ROK's economic security strategy but also necessitates adjustments that nullify previous strategies. In 2016, South Korea faced severe economic retaliation from China following its agreement to deploy the THAAD system from the US. Such behavior raises legitimate concerns over the possibility of China employing similar retaliatory measures against the ROK.

Analyzing these policy-affecting variables in the first year of Yoon administration will not only provide insight for domestic players but also partner countries of the ROK, allowing for greater transparency on Korea's economic security policies. The analysis and discussions in this paper are mainly based on media reports and interviews with senior-level government officials and experts conducted by the author. Most of the officials that were questioned asked for anonymity, partly due to the nature of the issue.

Factors to Analyze

1. The vague definition of ROK's Economic Security

This is the first time that the ROK government has brought economic security into the realm of foreign and security policy where it directly involves the presidential office and related ministries. The ROK, a country exposed to North Korea's nuclear threats, has focused its security policy on traditional military security. Security policy has been about the US-ROK alliance, efforts to cooperate with China and Russia in negotiations with North Korea and coping with historical conflicts with Japan. For public officials accustomed to managing geopolitical risks, combining economics and security is a rather unfamiliar and untested task with few reference points.

This makes it difficult for the Yoon administration to respond to current issues either with a clear policy direction or simply a basic concept of what exactly "economic security" is at this early stage. MOFA conducted a preliminary study on the definition and scope of "economic security" appropriate to the Korean case when it established the Economic Security Task Force, but little has emerged from

¹ Ho-seung Lee and Il-chang Kim, "尹대통령 경제 외교가 가장 중요...경제 도움되면 어디든 찾아갈 것," *News1* (July 21, 2022). <https://www.news1.kr/articles/74749949>.

deliberations. The presidential office and related ministries also debated whether to use “economic security” terminology in governmental reports and briefings on economic and trade issues linked to foreign policy. There were occasions when officials repeatedly put this term in reports only to delete it later, even wondering whether its usage was appropriate.² This showed that there was confusion on the definition of “economic security,” primarily within the policy context—beyond the academic definition that scholars and experts have offered.³

The ROK's high dependence on China, its geopolitical position between the US and China, and the security variables of North Korea's nuclear threat all culminate in a need to establish its own unique definition and scope for “economic security”. Seung-joo Lee, a Chung-Ang University professor and chairman of the Economic Security Consultative Committee at MOFA warned that “if the definition of the concept and the goal of the policy are not accurately set, the government could have the problem of “over-securitization” or vice versa.” He underscored the importance of “optimized securitization.”

At a glance, the ROK government appears to prioritize protection and procurement of key strategic industrial items crucial to its global supply chain. It focuses on four major industrial sectors, aligned with that of the Biden administration, principally semiconductors, electric vehicle batteries, rare earths and minerals, and pharmaceuticals, outlined in a report from the White House.⁴

Conceptualizing policy-level “economic security” is important in setting the scope and range of the strategic approach. If not properly set, this range of issues could expand beyond government capacity. It also could draw criticism of the government's excessive intervention in the private sector, or even cause controversy regarding favoritism for some

specific companies. The high dependency on a few countries for its key industrial materials is another reason why the definition of “economic security” matters. According to data from Korea's Ministry of Trade, Industry and Energy (MOTIE), 351 of 636 key industrial item imports originate from China.⁵ Therefore, the ROK could face a supply risk when it comes to these imports, especially when the bilateral relationship sours. It also points to hundreds of economic security target items that the government has to factor.

The ROK experienced a disastrous situation in 2021 when the import of urea water from China stopped temporarily due to the ongoing COVID-19 pandemic in mainland China.⁶ The lack of urea water pushed more than half of all cargo truck drivers in Korea to the brink of a standstill, leaving the whole transportation industry in despair during what was called “the urea water supply crisis.” This panic raised greater awareness among Koreans about the importance of securing strategic items, especially those primarily sourced from China.

The same could be said for equipment. According to the Korea International Trade Association, Korea's semiconductor equipment imports amount to \$25 billion annually, ranking third after China and Taiwan. The ROK's semiconductor equipment imports from the top three countries (US, Japan and the Netherlands) have steadily increased up to 77.5%.⁷

Two perspectives dominate the prism through which the Yoon administration is setting the scope for economic security: (1) securing a stable supply chain (2) maintaining technological competitiveness for the national interest. The main focus for the government is on semiconductors and Electric Vehicles (EV) batteries. In both fields, Korean companies have technological competitiveness and are establishing themselves as major players in the global market.

² An anonymous interview with a senior official who is in charge of the economic security in the Ministry of Foreign Affairs on July 27, 2022.

³ For example, Professor Lee Hyo-young of the Korea National Diplomatic Academy defined 'economic security' as “the ability to fully access and utilize national resources, financial resources and markets to maintain a state's power and wealth above a certain level.” Hyo-young Lee, “경제안보의 개념과 최근 동향 평가,” *Institute of Foreign Affairs & National Security* (August 2022).

⁴ “Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-based Growth,” *The White House* (Jung 2021). <https://www.whitehouse.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf>.

⁵ Data from MOTIE through National Assembly member Heui-jae Kim. <https://www.donga.com/news/article/all/20220830/115206509/1>.

⁶ Urea water, known as diesel exhaust fluid, is added to diesel vehicles to convert dangerous nitrogen oxides into nitrogen gas and water. South Korea heavily relies on China for its supply of urea water solution, as 97.6% of its import came from China in the first nine months in 2021. The number of diesel vehicles in the ROK is estimated at 10 million, about 38% of registered cars. Of them, 4 million diesel cars, including 2 million trucks, need to use urea water solution to cut emissions under the country's tightened emission rules.

⁷ Sang-ji Kang, “최근 반도체 장비 교역 동향 및 시사점,” *Korea International Trade Association Trade Focus* (2022 년도 25 호).

The Yoon administration's economic security policy was put to the test only three months after its inception with the enactment of the Inflation Reduction Act (IRA) in the US.⁸ Under the IRA passed by Congress and signed by President Biden in August 2022, foreign-made EVs became ineligible for US government tax credits amounting to \$7,500 per vehicle unless assembled or manufactured in North America. Furthermore from 2023, the new law required EVs to use critical battery materials sourced from the US or countries with which it has free trade agreement (FTA) to qualify for the tax credit. Also, components of EV batteries would need to be manufactured or assembled in North America. However, the planned EV production plant of Hyundai Motor Company in Georgia, would not be built and fully operational until the end of 2025. This meant that Hyundai and its subsidiary Kia's EV cars would not be granted the US subsidies for at least three years. Hyundai, which ranked second after Tesla with a 9% EV market share in the US, is certain to lose market share and drop in rank.

Furthermore, Korean EV battery makers have increased their dependence on raw materials from China despite efforts to diversify. China's hold on nickel, lithium, cobalt, graphite, and other rare earths reaches up to 99.4% and thereby adversely impacting 13,000-part makers for Hyundai-Kia.⁹ According to the Korea Automobile Manufacturers Association, it is estimated that the IRA will affect the export of 100,000 Korean EVs to the US.¹⁰

The IRA presents a case where Korean companies are at a disadvantage due to the domestic laws of an allied country, not necessarily a competitor or even a hostile country. Whether or not this can be viewed as a security issue was rather controversial at the early stages for the government in Seoul. Interestingly, the ministries in charge of trade as well as those of economic security were at the forefront of the response even before a decision was made at senior levels.

In August 2022, the government formed a joint delegation and dispatched it to Washington DC. While MOTIE is the lead department, MOFA and the Office of the Economic Security Secretary (OESS) in the Presidential Office all jumped into the mix to tackle this issue. MOTIE Minister Lee Chang-yang, Trade Minister Ahn Deok-geun, and Second Vice Foreign Minister Lee Do-hoon visited Washington DC to raise concerns to their US counterparts. According to readouts, President Yoon himself personally raised this issue at a summit meeting with President Biden on the sidelines of the UN General Assembly in September 2022.

The options for the Korean government were straightforward. They included requesting consultations at the WTO to bring forward complaints against what were viewed in Seoul as violations of WTO agreements. It also considered filing complaints of Korea-US Free Trade Agreement (KORUS) violations. In an interview with the *Financial Times* on Sept. 18, 2022, Trade Minister Ahn said, "we do not want to exacerbate the problem by implementing similar retaliatory measures (as the US), but we may have to respond flexibly if the situation becomes serious."¹¹ This remark suggested that the ROK could take retaliatory measures against the US. It was an unusually hawkish statement towards its security ally. At the same time, the government worked in tandem with the European Union and its members such as Germany for a collective response as they faced a similar situation regarding the IRA.

Above all, the Korean National Security Committee (NSC), the top interagency body and final arbiter of decisions concerning foreign affairs and security, made clear its intention that the IRA issue was in fact an economic security issue for Seoul. Kim Seong-han, the then head of the NSC, met with reporters, before attending the trilateral (ROK-US-Japan) security chiefs' meeting in Hawaii in September 2022, saying, "IRA is an economic security issue". He then relayed his US counterpart comments that "we will look into

⁸ H.R.5376 - Inflation Reduction Act of 2022, <https://www.congress.gov/bill/117th-congress/house-bill/5376/text?q=%7B%22search%22%3A%5B%22inflation+reduction+act%22%2C%22inflation%22%2C%22reduction%22%2C%22act%22%5D%7D&r=1&s=1>.

⁹ Kyung-min Kang, "중 의존도 더 높아진 K 배터리," *The Hankook Economic Daily*, (Nov. 24, 2022). <https://www.hankyung.com/economy/article/2022112430781>.

¹⁰ Jo He-rim, Seoul, "Washington to hold formal talks on impact of US IRA: ambassador," *The Korea Herald*, Aug. 30, 2022, <https://www.koreaherald.com/view.php?ud=20220830000637>.

¹¹ Byung-ki Moon, "정부 "美에 전기차보조금 보복할 수도"... 본격 협상 앞두고 압박," *The Dong-A Daily* (Sept. 20, 2022). <https://www.donga.com/news/article/all/20220920/115531156/1>.

the details of the electric vehicle subsidy issue at the (White House) NSC.”

The Yoon administration's decision to label the IRA issue as an economic security issue came down to two main reasons: the supply chain disruption of key components(materials) that may arise in the process of meeting the IRA standards and the security impact on the ROK-US alliance itself. Moreover, as “the era of free trade” comes to an end and as each country raises barriers to protectionism, the complete reshaping of the trade landscape has prompted the government to be more deeply involved in external economic and trade issues with the logic that “the economy is security, and security is the economy” as President Yoon has publicly stated.

Tackling the IRA issue through the ROK-US alliance prism seems to be a bit of a leap forward, but by observing past precedents where domestic anti-America public opinion exerted strong influences on Korean foreign policy, it does not seem so far-fetched. The Yoon administration remains concerned that the disadvantages Korean companies will face as a consequence of the IRA may cause Koreans to feel betrayed and disappointed towards the US. This was exacerbated by news of the IRA grabbing on the heels of Korean conglomerates such as Samsung, Hyundai, and LG announcing billions of dollars in new investments in the US; a move seen in Korea as working against efforts to create jobs in Korea. Worsening public opinion in Korea could undermine efforts to strengthen the ROK-US alliance, this appears a top priority for the Yoon administration.¹²

Korean media has stoked the flames persistently, fiercely criticizing the IRA and the Yoon administration's inability to respond effectively. The press covering the entire political spectrum were united in expressing disappointment frequently stating that “the United States struck the alliance in the back of the head.” Words such as “discrimination,” “betrayal,” and “damage of trust” were the norm, and public fury reached a crescendo in early fall of 2022.

Hankyoreh, one of the top progressive media outlets, published a front-page headline titled “Biden's protectionism squeezing his own allies” warning of the “US risk.” It criticized the IRA as “a dagger in the back.”¹³ Even the conservative *Dong-A Ilbo* criticized the US in its editorial that “the “America-first” principle cannot avoid criticism as the Biden administration emphasized solidarity with allies to respond to China's threat, then it itself ignored the interests of its own alliance.”¹⁴ *Dong-A Ilbo* then warned that the US efforts to find solidarity amongst allies on supply chains would never succeed in this way, urging the Biden Administration to find a solution.

The aforementioned pressure campaign drew the Korean government in deeper, despite the IRA being an issue between Congress and global automobile companies. Public opinion strongly dictated that the Korean government step up and solve the problem through diplomacy. The expectation was so high that the government had to approach the issue as the savior, a role it enjoyed during the state-led economic growth of the 1970s and 1980s, where it was the government's role in Seoul to foster and protect companies.

In the past, the ROK has taken government interventions for granted in the economic field. It cannot be denied that a strong government-led industrial policy was one of the main factors that transformed a country left devastated from the Korean War to the 10th largest economy in the world in just over 70 years. The seed funding for large corporations such as Samsung and SK to invest trillions of won in the semiconductor sector was based on the government-centered “selection and concentration” chaebol policy. This Korean-style economic policy gradually gave way following political democratization in the 1980s. Korean companies are now actively engaged in free competition in a capitalist system, and the government has far less room for intervening in their business activities.

¹² Korea has seen how a certain specific, sensitive issue could stir up such huge anti-Americanism. The most prominent case would be the Yangju highway incident(known as 'Hyo-sun and Mi-seon accident'). It occurred in 2022 when two Korean schoolgirls were run over and died by the US military armored vehicle. The other example would be so called “mad-cow disease incident” in 2008 when Lee-Myung bak administration decided to resume imports of USbeef that was seen dangerous after the mad-cow disease broke up in the US. Both incidents inflamed anti-American

sentiment and sparking a series of candlelight vigil protests, drawing up to 100,000 people in the streets.

¹³ Bon-young Lee, “트럼프 따라가는 바이든...동맹국 쥐어짜 미국 경제 수혈,” *The Hankyoreh*, (Sept. 5, 2022), The headline of the printed paper of the same article is “동맹국들 쥐어짜는 바이든표 보호주의.”
“https://www.hani.co.kr/arti/international/america/1057452.html?_ga=2.220981400.1423917248.1669869936-1873685181.1662340189.”

¹⁴ <https://www.donga.com/news/article/all/20220905/115323361/1>.

It is both ironic and unsurprising that the ROK has seen a resurgence of calls for government-centered economic and security policies. Koreans, who had experienced the unprecedented speed of economic development led by government and the wealth it has generated, recognize the effects as much as the risks. In particular, the ROK's heavy dependence on international trade (export) has put more pressure on the government to find a solution as quickly as possible.

In this context, it was quite predictable that the first crisis faced by the newly established economic security team of the Korea's presidential office would be the IRA issue. As with all bureaucracies and set missions, it is highly likely that the scope of economic security established by the Yoon administration will continue to expand weathering external conditions and domestic public opinion. This raises clear concerns about the future of the economic security office and its role in policymaking.

2. The China factor

China's response is one of the most difficult challenges to the Yoon administration's economic security policy. China has been paying close attention to Yoon's remarks since his inauguration, consistently raised concerns and criticisms about ROK's joining the US-led global supply chain offensive such as IPEF and the "Chip4" alliance. For the ROK, which experienced harsh economic retaliations from China for the deployment of the THAAD system in 2016, a wary eye is cast on its larger neighbor. China has been the largest trading partner for the past 20 years,¹⁵ thus its opposition to Korea's recent moves is hard to ignore.

China, as expected, expressed opposition to the ROK's entry into the "Chip4" alliance with its state-run publication, the *Global Times* criticizing it as "commercial suicide" and urging to "have the courage to say no to US coercion."¹⁶ This is a very burdensome situation for the Yoon Administration, with Taiwan's participation as one of the four member countries in "Chip4" alliance. At the regular press briefing, Chinese Foreign Ministry spokesman Zhao Lijian said, "the US has consistently

advocated the principle of free trade while continuing to abuse its national capabilities to politicize science, technology and economic trade issues. They are instrumentalizing and weaponizing them and practicing "threat diplomacy." "He also criticized the US, saying, "it is attempting artificial industrial transfer and decoupling, destroying international trade rules and dividing the global market. It will end in failure." Zhao added that "we hope the parties take an objective and impartial position and do much to help safeguard the stability of the global semiconductor industry network and supply chain, starting from their long-term interests and fair market principles." His statements were taken to mean China opposes ROK's participation in the "Chip4" alliance.

China's position was confirmed more clearly in the meeting between Korean Foreign Minister Park Jin and then-Chinese Foreign Minister Wang Yi at their bilateral ministerial meeting in August 2022. In his opening remarks, Wang publicly presented five demands to his Korean counterpart, saying, "it is the greatest common factor of the will of the people of Korea and China, and a necessary demand of the times."¹⁷ Among the demands, one was "to protect stable and smooth supply chains and industrial networks." Use of the word "protect" ultimately was interpreted as an order for the ROK to ensure that its regional supply chain, including China's, was not to be disrupted by the US. According to a background briefing by a high-ranking Korean foreign ministry official, Wang said at the meeting that China closely monitors a series of related moves by the US, and China expected the ROK to judge the situations appropriately. It was interpreted by Korean media and experts as pressure on the ROK to behave.

China's position was consistent and cemented in the first summit meeting between President Yoon and Chinese President Xi Jinping in November 2022. Xi stated at the summit that the ROK and China should "jointly uphold the international free trade system, keep the global industrial and supply chains secure, stable and unclogged, and oppose politicizing economic cooperation or overstressing the concept of security on such cooperation." In particular, he emphasized that "the two countries will jointly

¹⁵ Korea's exports to its largest trade partner amounted to \$162.9 billion in 2021 expanding a whopping 162.4 times from some \$1 billion in 1991, according to the Korea International Trade Association. The two first established diplomatic ties in 1992.

¹⁶ Editorial, *The Global Times* (July 21, 2022)

<https://www.globaltimes.cn/page/202207/1271044.shtml>.

¹⁷ *Dong-a Ilbo*,

<https://www.donga.com/news/article/all/20220810/114898244/1>. Aug. 10, 2022.

practice true multilateralism.”¹⁸ This remarks were again interpreted as a warning against the ROK of joining the US economic campaign targeting China in high-tech industries such as semiconductors and artificial intelligence.

China even attempted to drive a wedge between the ROK and the US over the IRA. China's *Global Times*, in an editorial asserted that “Korea is gripped with disappointment and anger as the illusion of ‘free and fair trade,’ the backbone of the US-led world order, is once again broken.” It also claimed that “it was a lesson in helping Korean people to have a more comprehensive understanding of the value of the alliance” and “the Yoon administration's effort to strengthen its tie with the US has become a ‘big trap.’”

However critical China appeared, its pressure campaign was weaker than initially expected. At times, the Chinese government took a somewhat cautious approach as not to provoke the ROK. Chinese officials from their Embassy in Seoul, who were briefed on ROK's stance on joining IPEF and the Chip4 alliance played the dutiful role of messenger delivering it to Beijing with no public outcry. One senior official in the Korean presidential office said anonymously, “China is listening attentively to our position with not much complaint. It is not in an atmosphere to worry about economic retaliation.” An official from the MOFA added, “the intensity is lower than we expected. It was rather a surprise to get that kind of response from China.”

The tone of recent Chinese state-run media coverage suggests a slightly different nuanced view than in the past. The *Global Times* wrote that “if Korea inevitably has to join a small group (Chip4) created by the US, the international community expects Korea to play a role in balancing and correcting. It will demonstrate the unique status of Korea” indicating China should use the ROK if it cannot keep the ROK from joining Chip4. The *Global Times* went on to add, “it is highly likely that Korea will eventually become a member of Chip4, but also to become a counter-force in various issues within it. It will resist lots of pressure from the US to oppress the Chinese semiconductor market.” The comings and goings of Chinese Ambassador to the ROK, Xing Haiming, was particularly noteworthy. Ambassador Xing requested meetings with National

Assembly woman Yang Hyang-ja, chair of the Korean legislature's Special Semiconductor Industry Committee repeatedly. He showed deep interest in the details of the “Chip4” alliance, such as the reason why the preliminary meeting at the working level was postponed. Ambassador Xing also asked, “can Korea just not join the Chip4?” and “how about expanding to Chip 5 by allowing China's participation?” along with expressing concerns about this US-led regional semiconductor alliance.¹⁹

China's measured response has kept the bilateral relations to a manageable level to date. It is highly likely that the Korean government's clear declaration of its intention to strengthen the ROK-US alliance and its close contact with its sole ally in all areas including security, economy, and technology played a factor. As the level of US-led “China containment policy” grows rapidly, China seems to have judged that it cannot avoid de facto isolation and blockade by harassing Korea, which it sees as a relatively “weak-link.” Perhaps the calculation that Korea can be exploited as the western supply chain blockade gets tighter. A high-level government official in Seoul said, “the tight relationship between the US and the ROK may have raised China's vigilance. There is also the aspect that China is taking a cautious approach in order not to escalate external conflicts ahead of the 20th Party Congress that will determine President Xi Jinping's third term” in the fall of 2022.

With a third five-year tenure secured for President Xi, it remains unclear how long Beijing's attitude will be sustained. There are concerns in Seoul that China's stance will change as the western-led de facto “China containment policy” moves into high gear. A third five-year term for Xi's may make way for even more aggressive foreign policy than in the past.

China may try to intensify the pressure on security matters instead of directly attacking ROK's participation in IPEF or Chip4 alliance. For example, the THAAD system could become a point of contention again. The Yoon Administration has advanced the long-paused operation of the THAAD base in Seong-ju, conducting environmental evaluations that had been suspended under the Moon administration. China's harsh response regarding the Taiwan Strait and South China Sea

¹⁸ Bae Ji-hyun and Kim Mi-na, “Yoon, Xi meet for first in-person summit in Bali,” *The Hankyoreh* (Nov. 16, 2022). https://english.hani.co.kr/arti/english_edition/e_international/1067547.html

¹⁹ Eun-joong Kim, “양향자 또 찾은 중대사 “한국, 칩 4 꼭 해야하나... 中 포함 칩 5 는 안되나,” *The Chosun Daily* (Sept. 22, 2022). <https://www.chosun.com/politics/diplomacy-defense/2022/09/22/RNODZDKB6NCBZOGWKCXAWBLXRU/>.

issues adds to these concerns. China's Foreign Minister, Qin Gang, responded to President Yoon's comments on the Taiwan Strait in the interview with Reuters²⁰ by saying that "anyone who plays with fire on the Taiwan issue will burn to death," and a foreign ministry spokesperson criticized Yoon saying "Beijing would not allow others to meddle by word." The Chinese phrase that he used, "不容置喙" was considered to be serious diplomatic breach of protocol.

While China's actions have been limited to rhetoric about security issues of its own national interest, it is likely that it will move beyond warning and result in a full-scale response, with targets likely to include the ROK economy or companies. If President Yoon abandons Korea's previous strategic ambiguity and diplomatic prudence and becomes more outspoken on issues such as the Taiwan Strait, it is likely that he will only further provoke China. The success of economic security policies of the Yoon Administration comes down to how much ROK can withstand China's pressure when diplomatic ties give away to brute economic and diplomatic force.

3. Dilemma in US-ROK military alliance

As a divided country that has not yet ended the war, the ROK is constantly exposed to North Korean nuclear and missile threats. Security policy over the past 70 years has focused on "traditional" military security to protect the safety of the people and territory from North Korean threats, and the core policy remains the ROK-US alliance. It has provided the basis for Korea's economic development, but paradoxically, it could act as a stumbling block in South Korea's establishment and implementation of economic security policies moving forward. The policy direction of economic security, which should be based on economic gains and national interest, can be heavily influenced by traditional military and security variables for the ROK.

The importance of military security heightened by the North Korean threat has complicated the work of decoupling economics and security in Yoon's foreign policy. The approach should be inevitably different from that of other economic powerhouses. Sometimes the problem of sacrificing the economy

for traditional national security arises, and it is highly likely that these incidences will increase in the future. However, it seems that the Yoon administration does not have a clear standard for how to deal with such issues.

These limitations were evident when the Yoon administration faced challenges of American semiconductor industrial policy in the summer of 2022. The repercussions of the US "CHIPS and Science Act" on the ROK was the most representative example of its dilemma. The ROK's unique security situation could be the factor that is theoretically equally applicable to other economic security policies including the IRA, but the semiconductor sector is incomparable in that they form the foundation for economic security and is a key pillar of the Korean economy.

The CSA was adopted mainly for the purpose of providing funds to support the American production of semiconductors. The White House made it clear that the US would strengthen the global semiconductor supply chain while also countering China. To achieve this goal, the US would put \$52.7 billion for semiconductor research, development, manufacturing, and workforce development.²¹ To the international players in the chips manufacturing industry such as Samsung and SK Hynix, this was interpreted as a strong suggestion to work together as partners.

However, the conditions for subsidies and payment regulations in the first Notice Of Funding Opportunity, released by the Department of Commerce, puzzled Korean companies with tougher conditions than generally expected. There were so-called "poisonous provisions" for Korean companies, to the extent that some critics sarcastically said, "it would be better off not to receive subsidies."

Looking specifically at the subsidy payment qualifications, six conditions were presented for receiving subsidies for the semiconductor industry. Korean companies were left bewildered mainly by two items. First, subsidized companies are prevented from expanding their semiconductor production capacity in China or related countries over the next 10 years. The ROK is de facto the only country that

²⁰ Soyoung Kim and Hyonhee Shin, "Exclusive: South Korea's Yoon opens door for possible military aid to Ukraine," Reuters (April 19, 2023). <https://www.reuters.com/world/asia-pacific/south-koreas-yoon-opens-door-possible-military-aid-ukraine-2023-04-19/>.

²¹ The White House fact sheet (Aug. 9, 2022). www.whitehouse.gov/briefing-room/statements-releases/2022/08/09/fact-sheet-chips-and-science-act-will-lower-costs-create-jobs-strengthen-supply-chains-and-counter-china/.

operates state-of-the-art semiconductor production facilities through large-scale investment in China amounting to billions of dollars. Samsung Electronics is producing 128-layer NAND flash in Xi'an. SK Hynix manufactures mid to late 10-nano to early 20-nano DRAM in Wuxi, and 96- and 144-layer NAND flashes in Dalian. So far, Samsung has invested 33 trillion won in its production facilities, and SK Hynix has invested 25 trillion won. Without the ability to upgrade equipment at these heavily invested core production facilities, Chinese factories will be reduced to factories with obsolete products that lag behind demand. In fact, they may have to give up the Chinese manufacturing facilities in the future.

Second, companies applying for subsidies must submit a detailed financial plan including cash flow, internal rate of return, profitability indicators, and expected returns. The Department of Commerce also announced that it would prioritize subsidies to companies that open semiconductor production and research facilities to the US government. Experts analyzing concluded this is "the same as a request to disclose the trade secrets of foreign semiconductor companies." The condition that requires 75% of the subsidy to be repaid in the case of excessive profits is also embarrassing to companies. It disappointed them which initially expected that the subsidies would offset the disadvantages of 30-40% higher production costs in America.

These provisions did not come out when the US initially expressed its intention to form a semiconductor alliance with countries such as the ROK and Taiwan. The situation in which unfavorable policies are added one after another is making foreign companies feel betrayed. Korean public opinion demanded action, that the government in Seoul should request correction to the US on behalf of the industry.

Korean media outlets harshly criticized the CSA with expressions such as "full of toxic provisions," "US squeezing allies," and "the US' 'semiconductor empire' claws." *Dong-A Ilbo* pointed out in an editorial that, "the US government's conditions are

excessive," and "there are concerns among Korean companies that receiving subsidies may become shackles."²² The *Hankyoreh* said, "there is a high risk of forcing South Korean semiconductor companies to make life-or-death choices and damages."²³ Even the most conservative newspaper, the *Chosun Ilbo*, called the US a "semiconductor thug."²⁴

Despite the concerns of companies and simmering public opinion, the government's economic security policy has not developed a sharp response strategy as it did in the case of the IRA. Trade Minister Ahn Deok-geun and then-National Security Office Director Kim Seong-han visited Washington to address this issue with their US counterparts, but no specific demands or discussions were made public. Samsung and SK Hynix reportedly submitted letters of intent for subsidies in mid-April. Unless there is any change in the provisions, these companies will have to satisfy all the conditions raised above, and bear considerable burdens. The timid response demonstrates tendency of the Yoon administration to avoid any situations of conflict with the US at least outwardly, as it publicly vowed to strengthen the ROK-US alliance. In the year of the 70th anniversary of its alliance, it was in a difficult position to raise any issue against its sole ally.

North Korea's intensive provocations made Yoon's economic security policy more tricky. Pyongyang's provocation has exacerbated as it reacted harshly to the ROK-US joint military exercises, and it did not stop shooting ICBMs even when it faced a warning from US Secretary of Defense Lloyd Austin that "any nuclear attacks against US and ROK by Pyongyang would result in the end of leader Kim Jong-un's regime." In Seoul, public opinion demanding its own nuclear development has reached a record high.²⁵ The ROK government was asked to focus its diplomatic efforts on eliciting US extended deterrence instead of its seemingly unrealistic goal of its own nuclear armament. There was no room for conflict with the US over economic issues at a time when unprecedented level of cooperation was desperately needed to respond to North Korea's nuclear and missile threats.

²² Editorial, "반도체 지원 빌미로 韓기업 영업기밀까지 공개하라는 美," *Dong-A Ilbo* (March 2, 2023). <https://www.donga.com/news/Opinion/article/all/20230302/118129472/1>.

²³ Editorial, "The US is turning into a semiconductor black hole," *Hankyoreh* (March 3, 2023). https://www.hani.co.kr/arti/english_edition/e_editorial/1082575.html.

²⁴ Hong-su Kim, "만물상: 이번엔 '반도체 광패' 되려는 미국," *Chosun Ilbo Daily*, (March 7, 2023). https://www.chosun.com/opinion/manmulsang/2023/03/07/2ANQ64NFCF E7VKSSU5T4UMPKL4/?utm_source=naver&utm_medium=referral&utm_campaign=naver-news.

²⁵ Survery Report, "Korean Perceptions toward the North Korean Nuclear Crisis," *Chey Institute*, (Feb. 17, 2023). <https://www.chey.org/Eng/Notice/NoticeView.aspx?seq=191>.

It was reported that the Yoon administration was reluctant to raise the CSA issue as an agenda item at the ROK-US summit in April 2023. Presidents Yoon and Biden committed to “continue close consultations with a view to ensuring those acts encourage mutually beneficial corporate investments” in the joint statement, but it was short of specific progress. The main opposition party (Democratic Party) denounced it as “vague,” “empty,” and even “fraud diplomacy.”²⁶

4. Absence of a Command Center

In earnest, the Yoon administration started to build up an organization to match its ambitious economic security policy agenda. It established the Office of the Economic Security Secretary (OESS) under the Presidential Office. It appointed Wang Yun-jong, a professor at Dongduk Women's University, as the head of OESS. Separately, MOFA opened the “Economic Security Diplomatic Center” and established an advisory committee composed of 14 professors and experts. While they are in the early stages of setting rules and direction of economic security policies, focus includes establishing a cooperative system with relevant companies in the private sector.

While strategically placed at the top of Seoul's bureaucracy, the OESS does not seem to guarantee leadership on economic security policy matters. It lacks coordination or semblance of authority when dealing with current challenges. The NSC of the ROK mainly consists of career MOFA diplomats and scholars whose expertise is in the US, defense officials and military experts. The lack of economic experts other than Secretary Wang is jarring. There are currently only eight employees in OESS, and all of them are government officials dispatched from MOTIE and other ministries. According to a high-level official at OESS, their work is limited to communications and delivery of instructions to relevant ministries and assembling briefing documents. The limitations of OESS are clear, lacking resources to be proactive and preemptive. It is known that OESS requested more staffs but were denied. Even tapping outside experts in an informal capacity

is beyond the capability of OESS. The work of OESS has been rarely reported in the media and faced mounting criticism from the media for not making any progress on the IRA issue.

Jurisdictional challenges are an ever-present conflict for OESS with MOFA and MOTIE. As trade dominates many of the economic security issues, interagency conflicts are a near certainty. Complicating matters is MOFA's wishes to bring the trade portfolio back under their control. The Park Geun-hye presidency moved the trade function to MOTIE from what was then the Ministry of Foreign Affairs and Trade (MOFAT) in 2013, asserting that trade issues should be approached from an industrial point of view, and that it should be dealt by economic experts rather than career diplomats.

MOFA found its opportunity to claw back the trade portfolio with the onset of the global supply chain crisis amidst the worsening COVID-19 pandemic. MOFA officials argued that as the trade issue was quickly entering the realm of foreign affairs and security, it was no longer possible to separate the two, and MOFA would be the appropriate ministry to deal with the two fields in an integrated and strategic way. Adding insult to injury, MOFA argued that MOTIE had neither been effective nor successful in solving international economic issues in the past. As expected, MOTIE pushed back hard against these criticisms to protect their turf.

Both sides fought for public opinion through op-ed columns and articles as well as aggressive lobbying following Yoon's election and transition period. Former MOFA minister and professor at Seoul National University, Young-kwan Yoon, said in his column that “trade and diplomacy cannot be separated any longer as the rules of the game have totally changed. Korea must draw up a strategic trade policy by effectively integrating trade and diplomacy.” He then emphasized that “the most efficient way to do that is returning the trade function to MOFA.”²⁷ Former minister of MOTIE and current chairman of Korean-American Association, Joong-kyung Choi, countered in his column that “it turned out to be a disaster for MOFA, not familiar with the

²⁶ Leaders' Joint Statement in Commemoration of the 70th Anniversary of the Alliance between the United States of America and the Republic of Korea, (April 26, 2023) <https://www.whitehouse.gov/briefing-room/statements-releases/2023/04/26/leaders-joint-statement-in-commemoration-of-the-70th-anniversary-of-the-alliance-between-the-united-states-of-america-and-the-republic-of-korea/>.

²⁷ Young-kwan Yoon, “Diplomacy is going to have to use trade,” *The Korea JoongAng Daily* (March 20, 2022). (<https://koreajoongangdaily.joins.com/2022/03/20/opinion/columns/use-trade/20220320195811232.html?detailWord=>

details of industry and technology, to take charge of trade strategies." Choi asserted that "the cost of friction is too high for MOFA to resume its trade functions, which it has been neglecting for the past 10 years."²⁸ MOFA then proceeded to use its background briefing to the press for the sole purpose of denouncing every single sentence in Choi's column. This unprecedented tit-for-tat was heavily criticized by local media as a "public tussle" between two governmental organizations.²⁹ Some have suggested creating an independent economic security agency similar to the Office of US Trade Representative. The debate subsided over the summer as the Yoon Administration decided to temporarily halt discussions on government "reorganization." Since then, MOTIE and MOFA have operated separately to tackle economic security issues including the IRA with little to no consultation or cooperation.

The dispute between the MOFA and the MOTIE remains one of the potential key issues in the organizational restructuring that will be carried out during the five-year term of President Yoon. Without proper leadership and direction over policy, conflicts between ministries will escalate and be detrimental to the Yoon agenda.

Through it all, the economic security policy of the Yoon administration appears to be progressing through competition among ministries and baby steps, lacking a broad strategic, integrated policy. In a situation where there is a potential conflict between ministries without the clear existence of a command center, blame must fall on the leadership of the presidential office. There is no indication yet of expansion or strengthening of the OESS. It may take time to settle on a full-fledged trajectory of policy, but given the unprecedented importance placed on economic security by the Yoon Administration, it has little time for self-correction. With the speed by which external situations impact Korea's economy, the resources lacking at OESS is a cause for concern and with it, lose all momentum as it tries to stand up an effective interagency policy coordination body.

Conclusion

The ROK's economic security policy is tested almost daily, sandwiched between the US and China and their souring relations. The ROK has been asked by its only ally, the US, to join a de-facto anti-China or China containment initiatives in the region, at a time when it should be finding ways to minimize frictions with China, its largest trading partner and neighbor.

North Korea's escalating provocations also affect economic security policies in a negative way. Due to the launch and threat of ballistic missiles and the possibility of a seventh nuclear test, ROK's economic security policy has no choice but to be comprehensively reviewed within the framework of national security policy, and sometimes be forced to prevail national security over economic interests. In this context, the ROK needs to set clear, firm goals in its economic security and related policies, and their implementation should be backed up by a fully resourced organization and strong leadership.

However, the ROK's economic security policy faces many challenges, despite the Yoon administration's enthusiasm. If a solid foundation for economic security policies is not established and produce results during the remaining four years of its tenure, it would be a big step back on both the economic and diplomatic fronts. Nevertheless, while the IRA and CSA dominate the Yoon administration's economic security agenda, they must look beyond this bilateral issue that other allies also face with the US. The OESS under NSC, which oversees policy, has not been able to demonstrate its leadership for a year after its launch. In the meantime, MOFA and MOTIE stand ready off-stage for another round of infighting.

If the Yoon administration expects economic security policy to be one of its important legacy items, the Yoon administration will have to start implementing strategy in a firmly established system going into year two. The Yoon administration's dithering is evident and whether OESS gets the necessary authority and resources rests with President Yoon who has yet to preside over an economic security meeting. Doing so would send the right message to relevant ministries. It needs to go beyond just responding to pressing challenges and initiate a proactive national security strategy over the long

²⁸ Koong-kyung Choi, "The trade should stay with industry(통상은 산업과 함께 있어야 한다)," *Maeil Economic Daily* (March 29, 2022). <https://www.mk.co.kr/news/contributors/10269982>.

²⁹ <https://www.hani.co.kr/arti/politics/diplomacy/1036868.html>.

term. Doubling the number of OESS personnel would be an option to strengthen its capability. Priority should be given to actively recruiting experts from external research institutions beyond the relevant ministries.

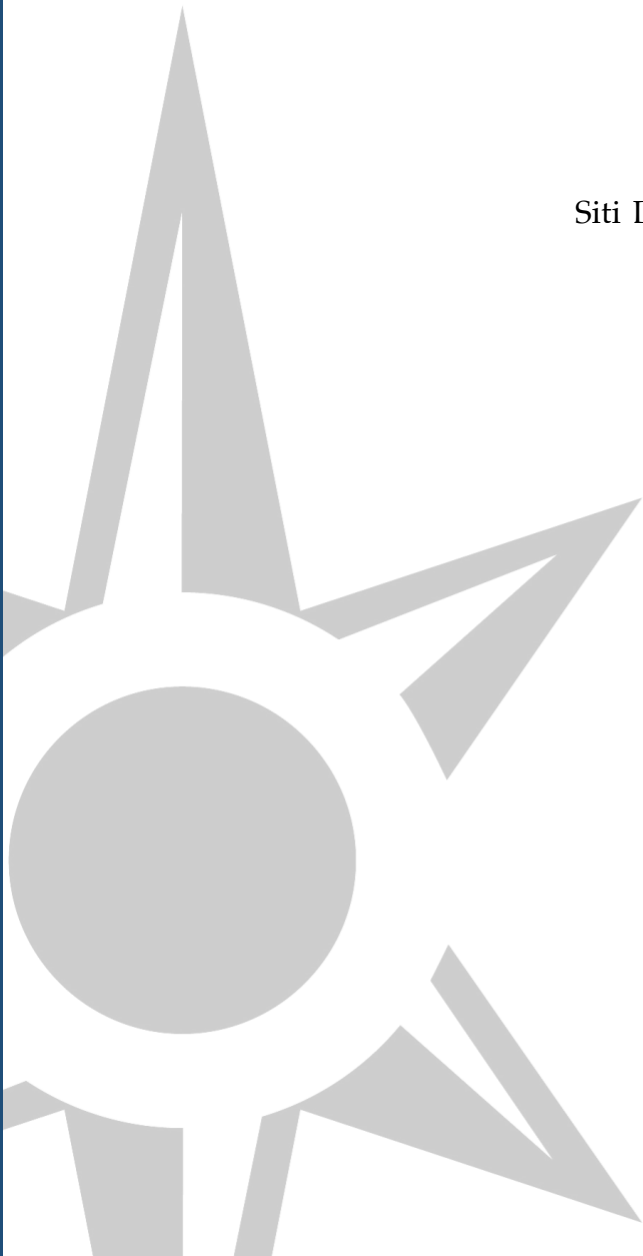
President Yoon also should raise his voice more confidently when making clear the ROK's demands to the US with his goal of strengthening the bilateral alliance on track. Through the resulting "Washington Declaration" from Yoon's State Visit to Washington in April 2023, he made it clear to the world that the alliance is ever evolving and shares common values. Having eliminated conflicting factors fostered by the previous Moon administration and fostered mutual trust, it would be easier for Yoon to diplomatically defy ROK's national interests if required. At the same time, it should cautiously manage its relationship with China, working with Chinese experts to craft a sophisticated "China strategy" to deal with and mitigate future conflicts.

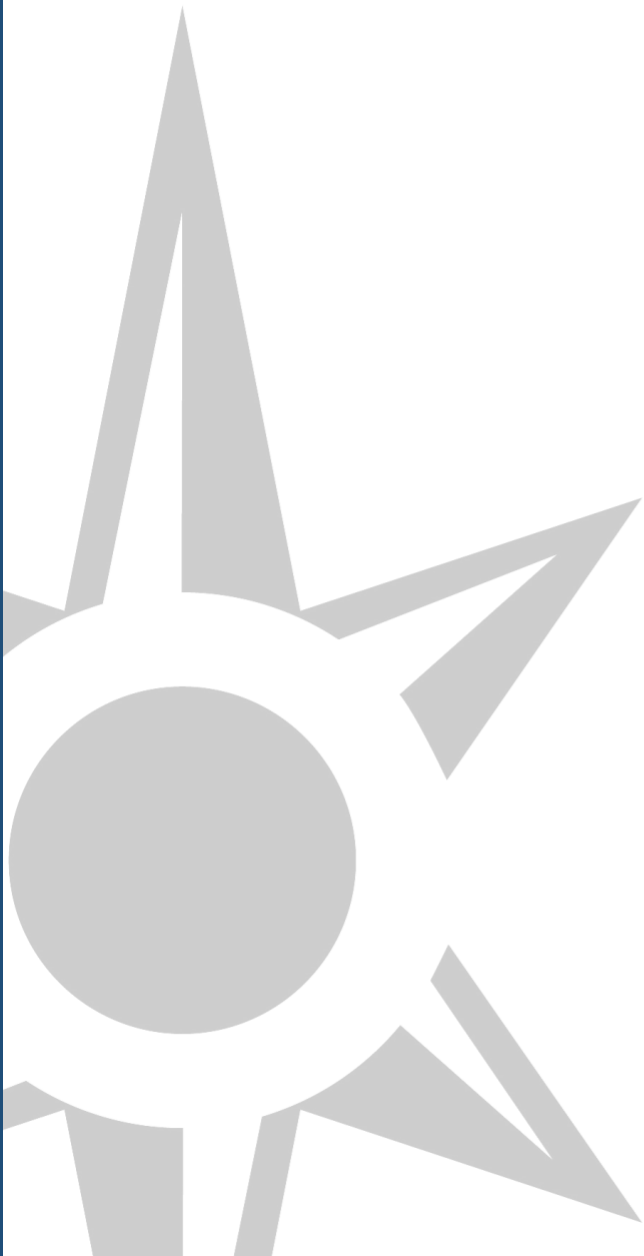
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Terrorist Groups in Indonesia: Navigating Women's Pathways and Roles in the Landscape of Extremism

By
Siti Darojatul Aliah





Executive Summary

Siti Darojatul Aliah

In December 2016, Indonesia witnessed a significant event, in which a woman attempted a bombing at the presidential palace, signalling a transformative moment in women's involvement in terrorist acts. Dian Yulia Novi, Indonesia's first female suicide bomber, shattered prevailing beliefs among the general public about women as inherently peaceful and nurturing individuals. The prevailing public perception of women as nonviolent prompted widespread inquiry into the motivations and facilitators of Yulia's participation in such violence. The emergence of the narrative of women as active participants in terrorism gained traction, with ISIS notably diverging from traditional Islamist groups by presenting women as individuals capable of fulfilling roles based on their skills and interests.

Discussions regarding women as primary perpetrators of terrorism or as victims of gender-based manipulation continue. This research seeks to contribute to this discourse by enhancing our understanding of women's motivations for engaging in terrorism, aiming to discern whether women are genuine agents or victims manipulated by extremist organizations to achieve their objectives. Social identity theory offers a framework to analyse how group affiliations, particularly with terrorist organizations, shape the self-concept of these women.

Unravelling these intricate motivations is crucial for formulating effective counterterrorism strategies and comprehending the multifaceted dynamics within extremist groups. The study delves into the life stories of five women charged under terrorism laws in Indonesia, as well as two Indonesian women deported from Turkey for attempting to join ISIS or Jabhat al-Nusra in Syria. Employing social identity theory (SIT), this investigation explores the evolving roles of women and provides a nuanced understanding of their involvement in terrorist groups and activities. The findings of this study indicate that women's journeys towards radicalism and terrorism are often influenced by external factors. The narratives of these seven women reveal that their personal grievances, ranging from individual problems to dissatisfaction with

political injustices in their country, were exploited to coerce them into perpetrating acts of terrorism. Although the same narratives are used to men and women, but there are specific stories and bulletins that highlighted the role of women in the war during Prophet Muhammad time, like bulletin Al Fatihin that emphasizing the obligation of women to do Jihad (war), as shown by Nusaibah bin Ka'ab and "The Diary of Ummu Sabrina" that encouraging Indonesian women to travel to Syria. As a qualitative study, direct interviews were conducted with women in detention and following their repatriation from social welfare shelters upon the completion of the rehabilitation process.

Keywords: *women, terrorism, violent extremism, social identity, Indonesia*

Introduction

The landscape of terrorism in Indonesia underwent a profound change in December 2016 when a woman attempted a bombing at the presidential palace, marking a paradigm shift in women's involvement in terrorist acts. Dian Yulia Novi, Indonesia's first female suicide bomber, shattered preconceived notions about women as solely peaceful and nurturing beings. The public generally perceived women as nonviolent, leading to inquiries into the factors that motivated and facilitated Yulia's involvement in such violence. Dian was not alone; Ika Puspitasari, a migrant worker in Hong Kong, followed her lead by donating her salary to support the group's cause and even offering herself to be the second martyr. Since then, the number of women involved in terrorism acts has increased, exemplified by the Surabaya Church bombing in May 2018, where a mother brought along her two daughters, aged 9 and 12. The following day, another family plotted a suicide bombing attack on a police office in Surabaya, with the wife and son also on the motorbike. On the same day, a bomb exploded in a room in an apartment in Sidoarjo, East Java, with the woman inside hesitating to leave despite her husband's efforts at persuasion.

These incidents prompted a re-evaluation of the stereotypical image of women. The narrative of women as active participants in terrorism gained prominence, with ISIS notably deviating from conventional Islamist groups by presenting women as diverse individuals capable of playing such roles based on their skills and interests.

Discussions about women as primary perpetrators of terrorism or victims of gender-based manipulation continue. This research aims to elucidate women's motivations for engaging in terrorism. Social identity theory is employed to dissect how group memberships, specifically affiliation with terrorist organizations, influence the self-concept of these women.

Unravelling these complex motivations is essential for devising effective counterterrorism strategies and understanding the multifaceted dynamics within extremist groups. The research delves into the life stories of five women charged under terrorism laws in Indonesia and two Indonesian women deported from Turkey for attempting to join ISIS or Jabhat al-Nusra in Syria. Utilizing social identity theory (SIT),

this study examines the evolving role of women and provides a nuanced understanding of their pathways and involvement in terrorist groups and activities.

The findings suggest that women's journeys to radicalism and terrorism are not standalone but influenced by other individuals or groups. The seven stories indicate that these women's personal grievances, ranging from personal problems to dissatisfaction with political injustices in their country, were exploited to manipulate them into conducting acts of terrorism. The Moslem women figure of Nusaibah bin Ka'ab, a woman who joined the war with Prophet Muhammad during Uhud War in 625 M being the idol for women to follow her footsteps. The narrative that Indonesia is in the emergency situation and therefore women also have the same obligation as men is another factor that driven women to join the fight. As a qualitative study, direct interviews were conducted with women in detention and during repatriation from social welfare shelters after the rehabilitation process ended.

Research Methods

This qualitative research study employs two distinct information collection methods for two groups of women. A) Video footage, desk research, and direct interviews (both inside and outside the prison) were conducted with the five women charged under Indonesian terrorism law. B) Desk reviews and interviews with the two women deportees were also conducted during the process of repatriating them to their hometowns.

This study applies social identity theory (SIT), pioneered by Henri Tajfel, as its theoretical framework. SIT serves as a psychological lens through which to scrutinize how individuals navigate and categorize themselves within social groups, subsequently shaping their perceptions and behaviours. This foundational framework has played a pivotal role in unravelling the intricacies of intergroup relations, prejudice, and discrimination.

Gender Analysis of Terrorist Groups in Indonesia

The dynamics of terrorism in Indonesia have undergone significant transformation, particularly with the emergence of Islamic State in Syria. This

shift, intertwined with Indonesia's historical roots of terrorism since its independence in 1945, has been influenced by global movements and the presence of groups such as Al Qaeda and Islamic State. This research study delves into the distinct trajectories of two prominent groups, Jamaah Islamiyah (JI) and splinter groups of the Islamic State in Syria, focusing on their ideologies, objectives, and notably, roles assigned to women within their ranks.

Jamaah Islamiyah (JI)

Formed as a metamorphosis of Negara Islam Indonesia or the Indonesian Islamic State, JI is intricately linked with Al Qaeda, with its members receiving training in Afghanistan during the Soviet occupation period lasting from the late 1970s to the late 1980s. JI's primary goal is to establish Indonesia as a fundamentalist Islamic state. Within JI, traditional and conventional views persist regarding the role of women, portraying them as subordinates with limited knowledge of the organization's mission.

JI upholds a gender bias, arguing that women should remain uninformed about the organization's mission due to perceived weaknesses, obligations to raise children, and concerns about information leakage. In many extremist ideologies, women are indeed often considered to be in supportive roles, primarily focused on traditional domestic duties. These roles typically include giving birth, raising children, maintaining the household, and educating the younger generation. The ideology often dictates that women should shield their families from involvement in violent extremism, portraying their responsibilities as crucial in preserving the purity and continuity of the group's beliefs.

Pro-ISIS Groups

Emerging after the declaration of Daesh in Syria, splinter groups like Jamaah Anshoru Daulah, Jamaah Anshoru Khilafah, Mujahidin Indonesia Timur (Eastern Indonesia Mujahiddin), and Mujahidin Indonesia Barat (Western Indonesia Mujahiddin) have emerged with a common objective of establishing an Islamic system, advocating for a Caliphate.

Unlike JI, the organization known as ISIS (Islamic State of Iraq and Syria) has indeed displayed a more inclusive approach towards women compared to

groups like JI. While JI traditionally adheres to more conservative and restrictive roles for women within their organization, ISIS has allowed and even encouraged women to take on a variety of roles, including those typically reserved for men.

From managing households and providing support to actively participating in combat and becoming suicide bombers, women's roles within ISIS are varied and often extreme. These roles are perceived as "holy acts" by some within the group, leading to a glorification of women who sacrifice themselves for the cause. While this approach may appear more inclusive, it also perpetuates harmful gender norms and reinforces the group's extremist ideology.

Women's participation in ISIS activities has significant implications for gender equality and women's rights within the context of violent extremism. These harmful gender norms may portray women as expendable assets in the pursuit of extremist goals. The decision to become a suicide bomber, in particular, carries profound psychological impacts and raises ethical questions about coercion and manipulation within these groups.

Research Findings

The following is a summary of the research conducted for this study, aiming to describe the intricate roles of women within ISIS and its splinter groups, scrutinizing whether women hold full authority or coordinate with male leaders. By examining the experiences of imprisoned and deported female supporters of ISIS, the research seeks to provide nuanced insights into the multifaceted dimensions of women's involvement in these extremist organizations.

Exploitation of Women in Terrorism: Dian Yulia Novi's Case

Dian Yulia Novi, an Indonesian migrant worker, became the first female suicide bomber in Indonesia, aligning herself with ISIS. Video footage of Dian was analysed after her arrest and a direct interview with her were conducted. Dian was driven by the promise of martyrdom and manipulated by an ISIS recruiter, Bahrun Naim. She was coerced into embracing a role that served Naim's strategic objectives, using her as the suicide bomber. Dian was the first case in which a woman was chosen by a recruiter for this role. Naim convinced Dian of the supposed benefits of

martyrdom, linking her with Tutin Sugiharti in Tasikmalaya, West Java, who further reinforced the idea.

Naim strategically used Dian as the main actor in the mission he devised. To ensure her commitment, he facilitated a meeting with Tutin Sugiharti, who played a pivotal role in convincing Dian of the supposed benefits of martyrdom. Tutin not only encouraged Dian but also provided the necessary support for the mission. Additionally, Tutin orchestrated Dian's marriage to Nur Solikhin, a member of the JAD group in Solo, to adhere to Islamic law, where a woman should be accompanied by her husband to facilitate the mission smoothly.

Dian, unaware of Naim's ulterior motives, was manipulated into executing a mission that served both personal vendettas against the Indonesian government and a test of using women as operatives in terrorist activities. Bahrin approved Dian's proposal to offer herself as a martyr to fight the government, considered an infidel government, and to shame men who lose their fighting spirit. This case underscores the power dynamics at play, highlighting how women are often viewed as subordinate to men, following their instructions without realizing the true motives behind their involvement. Dian's story exposes the manipulation and exploitation of women within the framework of terrorist strategies orchestrated by male leaders like Bahrin Naim.

Exploitation of Women by Bahrin Naim and ISIS: A Tale of Ika

Dian Yulia Novi was not the sole victim of Bahrin Naim's recruitment tactics; several women, including Ika Puspitasari, fell prey to ISIS propaganda. Effective propaganda in Syria and Indonesia led to the imprisonment of sixty-nine women under terrorism laws, revealing the widespread influence of extremist ideologies.

Ika Puspitasari, a migrant worker in Hong Kong, became radicalized online, drawn to Al Qaeda's defense of Muslims and advocacy for Islamic law. Driven by a desire to support causes benefiting Muslims, Ika financially backed potential bombers, including an online acquaintance who later became her "online husband." Ika was married online (via phone), a new practice often used by IS members in Indonesia. Aware of the consequences upon

returning to Indonesia, she decided to become involved in extremist activities.

Ika's radicalization led her to volunteer as a suicide bomber, assigned by Nur Solikhin to target Bali on Dec. 20, 2016. Unlike Dian, Ika demonstrated greater initiative, setting up online groups to fund terrorist activities. ISIS granted her autonomy to choose her role, emphasizing her active participation and challenging traditional patriarchal norms.

While Dian's involvement highlighted a patriarchal dynamic where she was a passive receiver and accepted the assignment given by Bahrin Naim, Ika's story showcased a more active role, where she offered herself to become a suicide bomber, suggesting a gender-balanced decision-making process within the extremist narrative. Both women, Ika and Dian, driven by different motives, were selected and assigned as suicide bombers, exemplifying the diverse roles women play in terrorist activities orchestrated by figures like Bahrin Naim.

A Female Ideologue in the Realm of Terrorism: Ummu Faroukh

Ummu Faroukh's journey into radicalization echoes the narratives of other women who have been lured into the world of terrorism. Initially introduced to extremist ideologies through the Majelis Mujahidien Indonesia (MMI) and Jamaah Islamiyah (JI), her aspirations to contribute to jihad faced obstacles due to the restrictions imposed on women in these groups. Undeterred, Ummu Faroukh turned to ISIS, pledging allegiance to the organization. Seeking a husband to support her cause, she approached Amman Abdurrahman, the leader of ISIS Indonesia, who facilitated her marriage. Her daughter and son-in-law joined ISIS in Syria, with the latter becoming a martyr.

Ummu Faroukh's commitment to ISIS persisted, and she actively participated in fundraising efforts to aid women whose husbands faced imprisonment or martyrdom. However, her involvement drew the attention of Indonesia's Special Elite Forces, Densus 88, leading to her arrest for financing Abu Rara, the assailant who stabbed the Minister of Defense. Despite imprisonment and financial constraints affecting her daughter's education, Ummu Faroukh remains unwavering in her allegiance to ISIS. Her relationship with her husband, a normal Muslim man

of a different ideology who neither supports nor prohibits her cause, reflects her autonomy in decision-making without insistence on imposing her beliefs. Ummu Faroukh stands as a testament to the complex roles women play within extremist movements, showcasing both agency and resilience in the face of opposing ideologies.

The Dream to Become A Judge: Mariyam

Mariyam's story highlights the exercise of equal power relations within the context of radicalization. Exposed to ISIS, Negara Islam Indonesia (NII), and *Hizbut Tahrir Indonesia* (HTI) ideologies during her high school years, Mariyam embraced extremist views through interactions with female friends on platforms like Facebook. Due to the divorce of her parents, Mariyam decided to live with her friends because she had no place to stay. Mariyam was sheltered in the safe house of ISIS group members who run a business in Kediri, East Java. The intense interactions in this shelter sharpened her ideology, and she enthusiastically supported Abu Rara financially to further his cause. Despite seeking her husband's opinion on decisions, Mariyam maintained full autonomy in executing her choices, including providing financial support to Abu Rara and caring for his child when he and his wife were arrested. The equal gender relations practiced with her husband reflected shared convictions in supporting the ISIS ideology.

Radicalized by Her Husband: Ummu Fazilah

Ummu Fazilah's case, within the realm of radicalization, offers a nuanced perspective that aligns with social identity theory. Initially portraying the role of an obedient wife, her journey towards radicalization was heavily influenced by her second husband, a supporter of ISIS. social identity theory posits that individuals seek to maintain a positive social identity by aligning themselves with groups that offer a sense of belonging and purpose. In Ummu Fazilah's case, her husband served as a central figure in shaping her social identity within the ISIS support network.

Despite facing mistreatment and abandonment through divorce via text messages after her husband's departure to Syria, Ummu Fazilah continued to perceive him as a role model. This illustrates the power of social identification, where individuals may adopt the beliefs and behaviors of

respected or admired group members to enhance their own social identity. Ummu Fazilah's decision to continue her husband's business in a remote village in Pidie, Aceh, reflects her desire to maintain her connection to the ISIS support network and uphold the group's ideology.

Ummu Fazilah's involvement took a significant turn when she provided assistance to a group seeking refuge from Densus 88, Indonesia's counterterrorism police unit. Social identity theory emphasizes the importance of group dynamics and the influence of in-group members on individual behavior. By assisting the group and arranging shelter and provisions, she demonstrated her commitment to the shared goals and beliefs of the ISIS support network.

However, her actions also led to her arrest for facilitating ISIS supporters and preparing a military camp for the group. This pattern observed in Ummu Fazilah's case highlights the complex interplay between personal identity, group dynamics, and external influences. Social identity theory suggests that individuals may engage in radicalized behaviors when they perceive their actions as aligned with the goals and norms of their social group, in this case, the ISIS support network.

Importantly, Ummu Fazilah's case underscores the role of gender dynamics in radicalization. While women like Ummu Fazilah may play leading roles in decision-making within extremist circles, there is often a discernible influence from men who shape their involvement. Social identity theory helps explain how individuals, particularly women in these contexts, navigate their identities within extremist groups, seeking validation and belonging through adherence to group norms and goals.

In conclusion, Ummu Fazilah's case offers a compelling illustration of the application of social identity theory in understanding radicalization. Her journey from an obedient wife to an active supporter of ISIS was shaped by her social identity within the extremist network, influenced by her husband and the broader group dynamics. Social identity theory provides insights into how individuals like Ummu Fazilah may adopt radicalized beliefs and behaviors in pursuit of a sense of belonging and purpose within extremist groups.

The Story of Two Female Deportees

The narratives of Linda and Hajar, two deportees whose aspirations to engage in humanitarian efforts in Syria were stymied, provide a poignant illustration of the process of indoctrination and radicalization within extremist circles. Their paths towards radicalization were intertwined, facilitated by their virtual encounters in an Islamic study circle hosted by Hajar's husband, who also functioned as their Imam. Despite their physical separation—with Linda residing in East Java and Hajar in West Java—the virtual space provided by the study circle allowed for the forging of a strong friendship, grounded in shared concerns and desires.

Social identity theory offers valuable insights into their radicalization process. According to this theory, individuals seek to maintain a positive social identity by aligning themselves with groups that offer a sense of belonging and purpose. For Linda and Hajar, the virtual Islamic study circle hosted by Hajar's husband served as such a group. Within this circle, they found a sense of identity and purpose, driven by shared beliefs and ideologies.

Hajar's husband, acting as their imam and leader within the study circle, played a significant role in shaping their social identities. As a respected authority figure within the group, he likely influenced their beliefs and perceptions, guiding them towards a more extremist ideology centered on the Sunni-Shia conflicts in Syria. The Telegram group, depicting graphic images and narratives of the Sunni-Shia conflicts, further reinforced their sense of shared identity and solidarity with the Sunni Muslim community in Syria.

Despite their group identification and shared beliefs, Linda and Hajar exhibited agency and autonomy in their decision-making process. Social identity theory acknowledges that individuals can maintain their personal identities within the context of group dynamics. Linda and Hajar's collective decision to travel to Syria reflects their personal commitment to the extremist cause. Their actions align with the group's goals and beliefs, illustrating the impact of social identity on individual behavior and decision-making.

The social context provided by the virtual study circle and Telegram group served as a powerful influence on their radicalization. These virtual spaces not only reinforced extremist beliefs but also provided a sense

of community and belonging, fulfilling their social identity needs within the extremist group.

In conclusion, the narratives of Linda and Hajar exemplify the application of social identity theory in understanding the process of radicalization within extremist circles. Their virtual encounters in the Islamic study circle and the Telegram group provided a platform for the formation of a shared identity based on extremist beliefs and perceptions of injustice. Hajar's husband, as their Imam and leader, played a crucial role in shaping their social identities and guiding them towards a more radical ideology. Their collective decision-making process, including the decision to travel to Syria, reflects the influence of their social identities within the group. Social identity theory helps illuminate the complexities of radicalization, highlighting the interplay between group dynamics, personal identity, and social context in shaping extremist beliefs and actions.

The Women's Pathways

The interviews with the women suggest that their pathways to radicalism and terrorism were influenced by other people through intensive interaction. The seven stories of women in this research suggest that they became radicalized or supported radical groups because they were unhappy with the situations they faced, ranging from personal problems to political and injustices situations in their country. They needed an outlet to express their grievances, either online or offline, where they could find friends who shared similar concerns. Intensive interactions took place even though they might have met virtually. Radicalization found its way, as Smith, Blackwood, and Thomas (2019) suggest, stating that "Radicalization is fundamentally a group socialization process through which people develop identification with a set of norms—that may be violent or nonviolent—through situated social interactions that leverage their shared perceptions and experiences."

The evidence suggests that the path for an individual to become a member of a terrorist group or support a terrorist group is not overnight but rather through a long process, which mostly started due to unhappiness with the situation, ranging from inner self-situations to external situations like politics and injustice. Small networks interacted with each other in intense debates, generating excitement and a sense of purpose. These sites were "where the action was."

Progressive ideological extremism and a heightened sense of commitment emerged from these intense interactions.¹ The life stories of the seven women suggest that their pathways to radicalization and their decision to take on dangerous roles are a result of the intense interaction in the group where support is given to strengthen each other.

Using a gender lens, the case of Dian can be explained by the narrative surrounding Dian Yulia Novi's involvement as an attempted female suicide bomber in the context of terrorism, revealing not only the manipulation and exploitation orchestrated by male leaders like Bahrūn Naim but also highlighting broader gender dynamics at play. A gender analysis of this case unveils the intricate ways in which societal norms and power imbalances contribute to the victimization of women within extremist narratives.

Dian's story reflects a patriarchal structure where male recruiters like Bahrūn Naim wield power over women by strategically shaping narratives that appeal to their vulnerabilities. The promise of martyrdom, coupled with societal expectations, where in Javanese tradition, women are seen as complementary to supporting men and religious beliefs, creates a narrative that positions women as instruments to fulfill strategic objectives. Dian's role, orchestrated by male leaders, exemplifies the broader trend where women are often viewed as subordinate and manipulated into playing specific roles within terrorist activities.

Tutin Sugiharti's involvement further emphasizes the gendered nature of recruitment and manipulation. As a woman reinforcing the martyrdom narrative, Tutin plays a pivotal role in perpetuating the societal norms that position women as followers. The orchestrated marriage to Nur Solikhin, under the guise of adhering to Islamic law, reflects the gendered power dynamics within extremist ideologies.

A gender analysis of Dian's case reveals the intersectionality of societal expectations, religious beliefs, and extremist narratives. Women, like Dian, become victims of a system that not only exploits their vulnerabilities to be indoctrinated and influenced but also reinforces traditional gender

roles, where women are only seen as subordinate to men. The narrative crafted by male leaders not only serves strategic objectives but perpetuates a broader pattern of subordination and exploitation of women within the realm of terrorism.

Even though Dian acts as a perpetrator, she actually followed the orders of Bahrūn Naim. During the preparation of the act, she could not execute the plan alone but had to be accompanied by a man because women should be accompanied by their muhrim when going outside their house. However, on the execution day, Dian had to carry out her act alone and was arrested, receiving unpleasant treatment from security apparatus alone. She had to bear all the consequences that the group instructed her to face and suffered alone in prison.

In conclusion, understanding Dian Yulia Novi's case through a gender analysis provides insights into the complex interplay of societal norms and power dynamics that contribute to the exploitation of women within extremist narratives. It underscores the need for a nuanced approach to counter-terrorism efforts that addresses gender-specific vulnerabilities and challenges entrenched gender roles perpetuated by extremist ideologies.

Analyzing Ika Puspitasari's case through a gender lens sheds light on the distinct ways in which women are exploited by Bahrūn Naim and the extremist group, ISIS. Unlike Dian Yulia Novi, Ika demonstrates a more active role, providing insights into the gender dynamics within extremist narratives.

Ika's radicalization, initiated online, reveals how ISIS propaganda effectively targets women by framing its cause as a defence of Muslims and advocacy for Islamic law. The narrative presented by extremist groups often taps into women's desires to contribute to causes benefiting their community, portraying them as active participants rather than mere followers.

The financial support provided by Ika to potential bombers, including her "online husband," illustrates a form of agency where she willingly engaged in fundraising for terrorist activities. This financial backing is a strategic exploitation of women's

¹ Sageman, 2008, cited in Smith, Blackwood, and Thomas, "The Need to Refocus on the Group as the Site of Radicalization," *Perspective on Psychological Science*, Vol. 15, Issue 2, December 2019.

autonomy, as it contributes to the operational capabilities of extremist groups.

Ika's initiative in setting up online groups to fund terrorist activities showcases a departure from traditional patriarchal norms. In this case, ISIS granted her autonomy to choose her role as a suicide bomber, challenging the conventional narrative of women being passive followers. This active decision-making process, though within the context of extremist ideologies, indicates a more gender-balanced approach, at least superficially.

However, it's crucial to note that even when women like Ika appear to have a more active role, the underlying motivations and the overarching structure remain rooted in extremist ideologies that often perpetuate harmful gender norms. When examining the roles of women like Ika in extremist groups, it becomes evident that their actions, despite appearing to be more active, are still deeply entrenched within the framework of extremist ideologies. These ideologies, in many cases, perpetuate harmful gender norms that have significant implications for women's agency, autonomy, and rights. The apparent autonomy granted to women within these groups can be seen as a calculated strategy to attract a broader range of recruits.

In conclusion, a gender analysis of Ika Puspitasari's case highlights the multifaceted ways in which women are exploited by Bahrin Naim and Jamaah. While her story suggests a more active role, it underscores the need to understand the nuanced dynamics within extremist narratives and the complex interplay of gender, agency, and exploitation.

Conclusion

In conclusion, the life stories of Dia, Ika, Maryam, Ummu Fazila, Ummu Faroukh, Linda, and Hajar provide compelling insights into the process of radicalization among women. It is evident that these women did not become involved in acts of terrorism alone; rather, their radicalization was shaped through group interactions and collective action. Social identity theory offers a lens through which to

understand this process, highlighting the influence of group dynamics and shared beliefs on individual behavior.

These women underwent a gradual process of radicalization, influenced by the group interactions that led to their collective actions. As defined by Becker, collective action involves any action that promotes the interests of one's in-group or is conducted in political solidarity.² In the cases of Dian, Ika, Maryam, Ummu Fazila, and Ummu Faroukh, their imprisonment under terrorism laws stemmed from their desire to engage in political solidarity to combat what they perceived as an infidel government in Indonesia. On the other hand, Hajar and Linda were swayed by the group's narrative that Sunni Muslims were being slaughtered by Shia forces, motivating them to take action.

Despite their different targets, these women all followed a similar path towards radicalization, shaped by group influences and shared extremist ideologies. It is important to note that although these women possessed full authority in decision-making, they were significantly influenced by male figures within their radicalization path. This highlights the gendered dynamics within extremist circles, where women may hold active roles but are often influenced and guided by male leaders.

Moreover, the emergence of lone-wolf terrorism raises questions about the true nature of individual radicalization. It remains unclear whether these lone actors truly act alone or if their radicalization is a result of interactions with like-minded individuals or groups sharing similar grievances and concerns.

In essence, the stories of these women underscore the complex interplay between personal identity, group dynamics, and external influences in the process of radicalization. Social Identity Theory provides a valuable framework for understanding how individuals, particularly women, navigate their identities within extremist groups, seeking validation and belonging through adherence to group norms and goals. Their experiences highlight the need for comprehensive approaches to counter extremism, addressing not only individual vulnerabilities but also the underlying social and ideological factors that contribute to radicalization.

² Becker, J. C. (2012). The system-stabilizing role of identity management strategies: Social creativity can undermine collective action for social

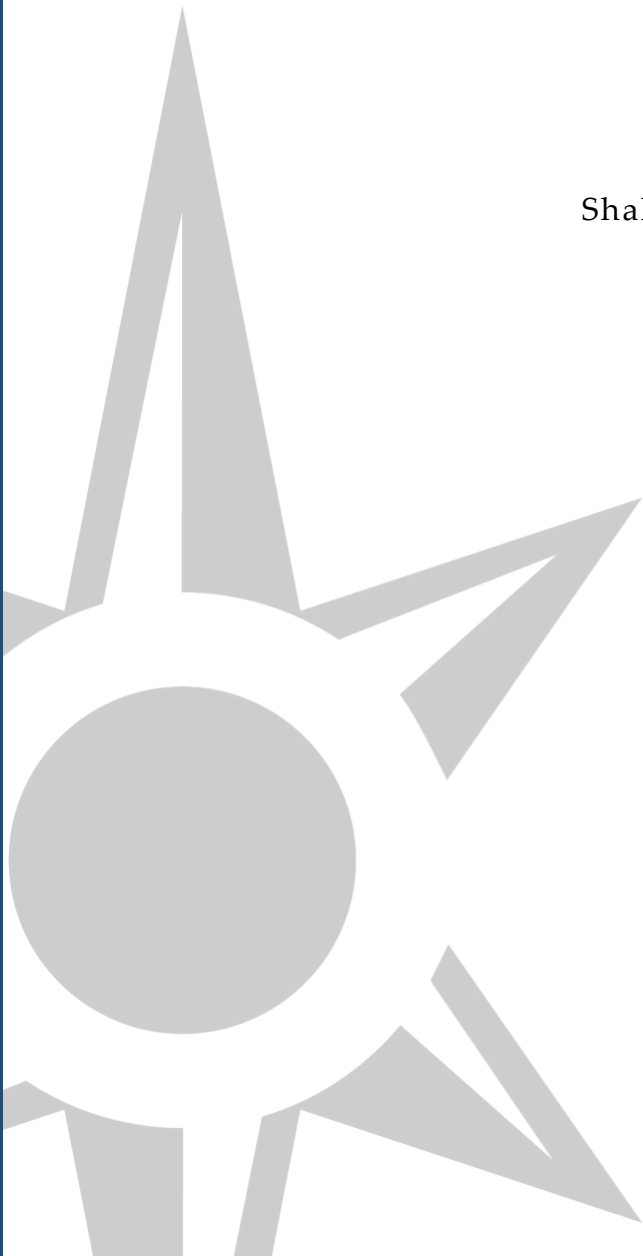
change. *Journal of Personality and Social Psychology*, 103(4), 647–662. <https://doi.org/10.1037/a0029240>

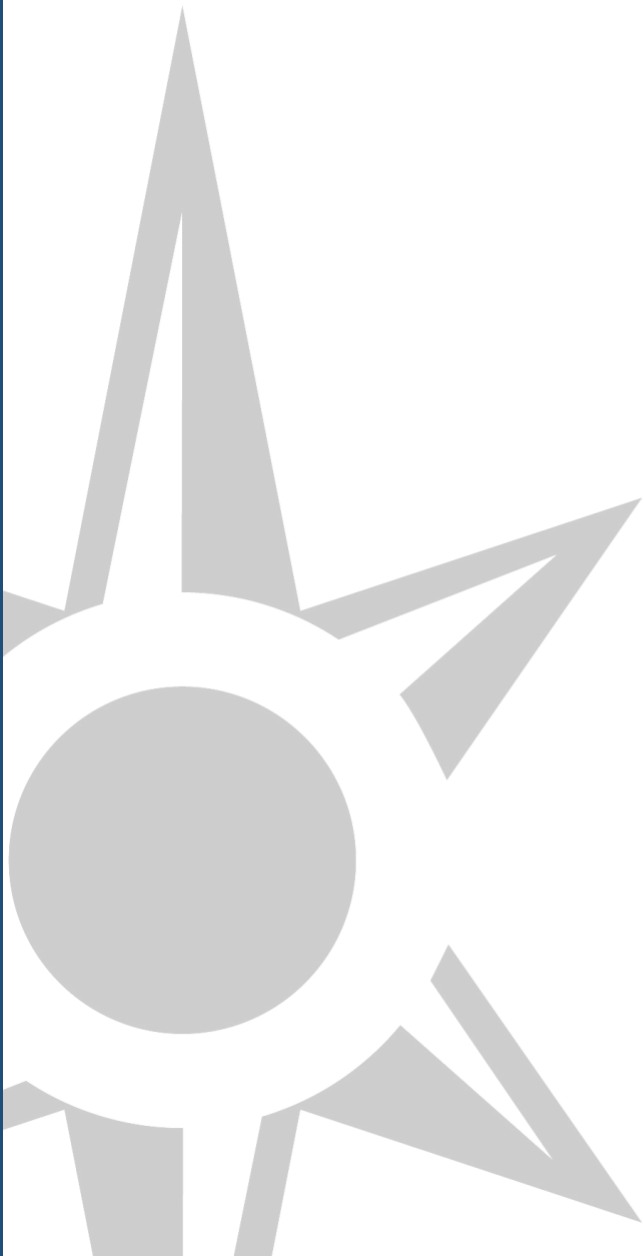
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US-China Technology Competition and Southeast Asia's Foreign Policy Posture: Where do Singapore, Thailand and Indonesia Stand?

By
Shakthi De Silva





Executive Summary

Shakthi De Silva

The intensifying economic and technological competition between the United States and the People’s Republic of China (PRC) has garnered significant attention, with both nations vying for supremacy in a variety of domains. This paper delves into the perspectives of three Southeast Asian nations—Singapore, Thailand, and Indonesia—concerning this competition and its implications. By analyzing primary and secondary sources from 2020 to 2023, the study uncovers how these Southeast Asian nations navigate their relationships with the US and China amid escalating tensions.

The study reveals that Southeast Asian nations exhibit nuanced positions on US-China technological competition, despite their longstanding relationships with the two. Singapore emerges as a significant player advocating for de-escalation and cooperation, while maintaining close ties with both nations. Similarly, Indonesia, given its strategic geopolitical positioning and substantial Chinese investments in recent years, adopts a cautious approach, refraining from explicit alignment. Indonesian officials prioritize cooperative relations amid the US-China competition, aiming for regional stability and economic development, particularly as the nation chaired ASEAN in 2023. Thailand, while formally aligned with the US and welcoming Chinese investments, navigates the competition to leverage benefits for domestic growth. Although refraining from official statements, Thailand's proactive approach indicates a willingness to capitalize on the competition.

Despite differences in formal alliance status, these Southeast Asian nations maintain a common stance on the need to de-escalate trade tensions while also seeking opportunities arising from the technological competition.

Their patience and strategic positioning reflect their intent to maximize benefits amid geopolitical uncertainties. This research underscores the need for US policymakers to consider the national interests of Southeast Asian nations in their approach to US-China technological competition. Failure to do so risks alienating these crucial partners and weakening America's international reputation and status, particularly in the Global South.

Given the significant implications for bilateral relationships, US policymakers must adopt a well-thought-out approach to preserve amicable ties with Southeast Asian nations. Acknowledging the diverse perspectives and economic interests of these nations is imperative for crafting effective policies that align with regional dynamics.

While the study focuses on three countries, their influential roles within ASEAN suggest broader implications for the region. Therefore, policies crafted based on the insights from Singapore, Thailand, and Indonesia can serve as guiding principles for engaging other Southeast Asian nations, ensuring a cohesive approach towards managing the US-China technological competition and fostering regional stability.

Introduction

The economic and technological competition between the United States (US) and the People's Republic of China (PRC) has intensified in recent years. Almost a decade ago, US Secretary of Defense Ashton Carter spelled out Sino-US bilateral relations as “a return to great power competition.”¹ Since then, political rhetoric from Washington has been increasingly critical. President Trump's national security strategy, for example, interpreted Chinese behavior as reflective of its intention to “shape a world antithetical to US values and interests.”² Former US Secretary of State Mike Pompeo has painted the competition in starker terms, commenting that the Chinese Communist Party (CPC) is a “primary challenge” for the continuance of a “Free World.”³ President Biden's administration endeavored to characterize bilateral ties in a less austere light but, even so, Secretary of State Antony Blinken acknowledged that America's relationship with the People's Republic of China (PRC) “will be competitive when it should be, collaborative when it can be and adversarial when it must be.”⁴ Biden meanwhile admitted that the two nations actively engage in “stiff economic and technological competition.”⁵

This competition, fueled by strong US public support and bipartisan unity among the Democrats and Republicans, began in the economic realm but has spilled over into the domain of technology. To quote Li, “a battle for technological supremacy has already begun, pitting the United States established dominance against China's meteoric rise. This ‘silicon showdown’ transcends mere competition—it is set to shape future economies, military might and global

influence.”⁶ As described below, America's desire to impede the pace of PRC's technology sector has led it to galvanize third-party nations and companies to adhere to several restrictive economic measures. This research investigates the political discourse from three Southeast Asian nations in relation to the technological competition between the two economic behemoths. In so doing, this study hopes to uncover whether there are differences in the perspective toward the competition among nations that are defensively aligned with the US (formally in the case of Thailand, and informally with Singapore) and those that espouse a more equidistant position (Indonesia). Have the apprehensions voiced by some third-party actors been reiterated by these key Southeast Asian nations? If so, what is their position towards it based on political rhetoric? Are they siding with one party—i.e. characterizing the PRC in the same light the US does, advocating for a toning down of tensions or remaining silent on this issue?⁷ These questions guide this study.

Southeast Asia, a subregion comprised of 10 nations, is starkly impacted by the technology competition between the US and PRC. It is home to over 400 million internet users,⁸ gross revenue from the computer market alone for 2022 tops \$15 billion⁹ and the PRC in recent years has taken several measures to incorporate the region into its Digital Silk Road.¹⁰ Southeast Asia is, therefore, a key arena for technology competition between the US and the PRC, particularly because the region consumes a significant portion of products dependent on technologies such as semiconductors. The region also includes key US allies and countries that voice apprehensions over Chinese activities in the South China Sea. Understanding the perception of

¹ David B. Larter, “White House Tells the Pentagon to Quit Talking About ‘Competition’ With China,” *Navy Times*, Sept. 26, 2016, <https://www.navytimes.com/news/your-navy/2016/09/26/white-house-tells-the-pentagon-to-quit-talking-about-competition-with-china/>

² Michael R. Pompeo, “Communist China and the Free World's Future,” *State Department*, July 23, 2020, <https://2017-2021.state.gov/communist-china-and-the-free-worlds-future-2/index.html>

³ Bates, Bill, ‘Challenges 挑战: Confronting Headwinds for the China Dream,’ *Daring to Struggle: China's Global Ambitions Under Xi Jinping* (2022; online edn, Oxford Academic, 23 June 2022), <https://doi.org/10.1093/oso/9780197545645.003.0009>

⁴ Antony J. Blinken, “A Foreign Policy for the American People,” *State Department*, March 3, 2021, <https://www.state.gov/aforeign-policy-for-the-american-people/>

⁵ Biden, Joe. “Remarks by president Biden on increasing the supply of semiconductors and rebuilding our supply chain,” *The White House*, Jan. 21, 2022, [https://www.whitehouse.gov/briefing-room/speeches-](https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/01/21/remarks-by-president-biden-on-increasing-the-supply-of-semiconductors-and-rebuilding-our-supply-chains/)

[remarks/2022/01/21/remarks-by-president-biden-on-increasing-the-supply-of-semiconductors-and-rebuilding-our-supply-chains/](https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/01/21/remarks-by-president-biden-on-increasing-the-supply-of-semiconductors-and-rebuilding-our-supply-chains/)

⁶ Mingjiang Li, “Introduction,” *Asia Policy*, 19(1), 2024, p.2.

⁷ John Lee, *US-China Technology Competition in the Global South, The China-Global South Project*, April 18, 2023, [Video] <https://www.youtube.com/watch?v=SI7fBNi-yo>

⁸ Saheli Choudhury, Southeast Asia seeks greater tech cooperation as US-China rivalry grows, *CNBC*, July 13, 2021, <https://www.cnbcc.com/2021/07/14/southeast-asia-seeks-more-tech-partnership-amid-us-china-rivalry.html>

⁹ Computing - Southeast Asia. *Statista* Accessed: May 2, 2023.

<https://www-statista-com.libproxy1.nus.edu.sg/outlook/cmo/consumer-electronics/computing/southeast-asia>

¹⁰ Manoj Harjani, Is Southeast Asia ready for a US-China tech decoupling?, *The Interpreter*, May 31, 2021,

<https://www.lowyinstitute.org/the-interpreter/southeast-asia-ready-us-china-tech-decoupling>

Southeast Asian nations toward the competition is therefore imperative for US policymakers.

This paper examines primary and secondary literature about evolving technology competition from 2020-2023 and the discourses in Southeast Asia concerning it. It begins by tracing US-China economic competition since the Trump administration and positions technological competition within this overall dynamic. In analyzing the responses from Southeast Asian nations, it examines primary and secondary sources. Primary literature includes the speeches of leaders and ministers in Singapore, Thailand, and Indonesia. It also draws on widely circulated newspapers published in English with an online presence in each of the three countries: *Channel News Asia* and *Today Online* (Singapore), *Bangkok Post* (Thailand) and *Jakarta Post* (Indonesia). These three countries have been selected given their relationship with the United States, their overall level of economic development (which correspondingly makes them more dependent on global supply chains and technologies such as semiconductors) and their deep economic relationship with the PRC.

The paper finds that Southeast Asian responses to the technological competition between the United States and China demonstrate nuanced perspectives. Singapore, despite its small size, emerges as a significant player in the region, maintaining close ties with both economic powerhouses while advocating for de-escalation and cooperation. Prime Minister Lee Hsien Loong's speeches, for instance, encapsulate Singapore's stance, which emphasizes the need for negotiation and dialogue between the two nations to mitigate the escalation of tensions. Similarly, Indonesia, with its strategic geopolitical position and significant investments from China, treads cautiously, refraining from taking sides explicitly. Indonesian officials stress the importance of maintaining cooperative relations amid US-China competition, particularly as the nation chairs ASEAN, aiming for regional stability and continued economic development. Thailand seeks to capitalize on the technological competition, welcoming Chinese investments while cautiously navigating the impact on its economy. Although Thailand refrains from issuing official statements, its efforts to attract investments and diversify exports indicate a

proactive approach to leverage the competition for domestic benefit.

This is an understudied area of analysis carrying serious implications for America's relations with the Global South. If the US fails to adequately account for the national interests of these nations, stronger positions against the PRC's technology sector in future may alienate its partners and other friendly Global South nations, weakening America's global reputation and status. Thus, this research has major policy implications for the US and counsels' well thought-through policymaking to preserve amicable ties between the US and Southeast Asian nations. While one may argue that it is unreasonable to use our findings from three countries to draw broad conclusions about a (soon to be) 11-member Southeast Asian region, the significance of these three nations in terms of status within ASEAN and the leadership they exercise in the region, owing to their economic capacity—which is above that of their neighbors—it may be asserted that they will play a key role in voicing and shaping the opinions of the other Southeast Asian nations if they have already exhibited a strong stance on the issue.¹¹

The next section provides a detailed overview of US-China economic competition and how this shapes technological competition. This is followed by analysis of Singapore, Thailand, and Indonesia. The article concludes with a discussion of the implications for these Southeast Asian nations' bilateral relationships with the US.

US-China Economic and Technological Competition

Despite the deep economically interlocked bilateral ties between China and the US, the latter has, for several years, viewed China's rise with apprehension. Concerns have been raised about China's economic model—specifically its state-driven economic practices as well as the challenges that China's trade and technological developments pose to US economic and technological leadership.¹² This section will provide a brief overview of the economic statecraft exercised by the US which in turn influenced the PRC to adopt similar

¹¹ Poon-Kim, S. (1977). A Decade of Asean, 1967-1977. *Asian Survey*, 17(8), 753-770; Rattanaseeve, P. (2014). Leadership in ASEAN: The role of Indonesia reconsidered. *Asian Journal of Political Science*, 22(2), 113-127; Pero, S. D. M., & Apandi, L. S. A. (2018). Malaysia's Leadership Role in ASEAN: An Assessment. *Journal of International Studies*, 14, 65-79;

Wongwuttivat, J., & Lawanna, A. (2018). The digital Thailand strategy and the ASEAN community. *The Electronic Journal of Information Systems in Developing Countries*, 84(3), 120-24.

¹² Sheng Hong, *China's state-owned enterprises: nature, performance and reform*. (World Scientific, 2013)

US-China Technology Competition and Southeast Asia's Foreign Policy Posture: Where Do Singapore, Thailand and Indonesia Stand?

measures. It demonstrates how efforts to restrict and constrain the speed of China's economic development spiraled over time into coercive statecraft in the technology domain.

Disagreements between the US and China over their asymmetric trade balance intensified during the Trump administration, eventually boiling over into a full-scale trade war. By early 2020 there were signs that tensions were gradually decreasing as the United States stopped referring to China as a currency manipulator and the two nations signed a phase one trade deal to resolve the trade dispute. Although negotiations continued well into 2021, by the mid-part of that year, tensions escalated once more. Five Chinese companies including Huawei were blacklisted by the US telecom regulator.¹³ Trump ran an aggressive campaign warning other countries not to use Huawei equipment for 5G technology because the Chinese government could be spying on them. America went on to ban several Chinese telecom companies including Huawei from buying parts and components from US companies. China then implemented its "3-5-2" directive, aiming to reduce foreign hardware usage by 30% in 2020, 50% in 2021, and the remaining 20% in 2022.¹⁴ In response to US restrictions on China's ability to purchase semiconductor manufacturing equipment and technologies, the latter also established a \$29 billion fund to support its semiconductor industry.¹⁵

By December 2021, America had blacklisted several Chinese companies, including several technology firms. In early February 2022, the US House of Representatives passed the America Competes Act which aimed to strengthen America's competitive edge over China, especially in the technology

domain.¹⁶ China responded to this measure by listing several American defense companies in an unreliable entity list in retaliation for their supply of arms to Taiwan. Of note is how this bilateral dispute began to impact third party nations. By October 2022, the US had forbidden "technology exports to China from other countries if those products use US technology and fall within the scope of the US controlled products lists."¹⁷ In early 2023, America pressured Japan and the Netherlands to agree to the former's semiconductor manufacturing restrictions imposed on China and influenced their companies to adhere to US policies.¹⁸ The two initially protested against such restrictions fearing potential economic fallout but soon acquiesced.¹⁹ As a consequence, Japanese and Dutch companies could no longer export advanced semiconductor manufacturing equipment to China.²⁰ This clearly indicates how technology competition gradually went beyond the borders of the United States and incorporated key US allies like the Netherlands and Japan.

Semiconductors occupy a crucial role in this narrative. While semiconductors and artificial intelligence are pivotal for next-generation military equipment, they account for a very small fraction of its total utility. Semiconductors play an important role in our everyday lives, powering smartphones, cars and even communication systems. The global semiconductor market, according to McKinsey, exceeded \$500 billion in sales for 2022 and is likely to be a trillion-dollar industry by 2030.²¹ Worldwide semiconductor sales increased from \$139 billion in 2001 to \$574 billion in 2022.²² Taiwan produces 65% of the world's semiconductors, followed by South Korea, Netherlands, Japan, the US, and mainland China.²³ AI and Semiconductors are also useful for

¹³ Alyza Sebenius, "Trump says Huawei could become part of a trade deal with China," *Bloomberg*, March 24, 2019, <https://www.bloomberg.com/news/articles/2019-05-23/trump-says-huawei-could-be-part-of-trade-deal-with-china#xj4y7vzkg>

¹⁴ Yuan Yang and Nian Liu, "Beijing orders state offices to replace foreign PCs and software," *Financial Times*, December 9, 2019, <https://www.ft.com/content/b55fc6ee-1787-11ea-8d73-6303645ac406>

¹⁵ Yoko Kubota, "China sets up new 29 billion semiconductor fund," *The Wall Street Journal*, Oct. 25, 2019, <https://www.wsj.com/articles/china-sets-up-new-29-billion-semiconductor-fund-11572034480>

¹⁶ American Council on Education, "House Passes America Competes Act" Feb. 7, 2022, <https://www.acenet.edu/News-Room/Pages/House-Passes-America-COMPETES-Act.aspx>

¹⁷ John Edwards, "Chips, subsidies, security and great power competition," *Lowy Institute*, (2023), p. 21.

¹⁸ The Netherlands and Japan are among the dominant producers of lithography equipment, critical for the production of chips. "More

importantly, the Netherlands and Japan are exclusive providers of advanced photolithography equipment—especially extreme ultraviolet scanners and secondarily argon fluoride immersion scanners necessary for mass production of advanced chips, representing China's top chokepoint." Gregory Allen and Emily Benson, "Clues to the US-Dutch-Japanese semiconductor export controls deal are hiding in plain sight," *CSIS*, 2023.

¹⁹ Rajeswari Rajagopalan, "The US escalates Chips War with China," *ORF Occasional Paper* 397, 2023.

²⁰ Al Jazeera, "Japan, Netherlands to join US in China chip controls: Bloomberg" Jan. 27, 2023, <https://www.aljazeera.com/economy/2023/1/27/japan-netherlands-to-join-us-in-china-chip-controls-bloomberg>

²¹ Christopher Cytera, "Confronting China and catching up on Chips." *CEPA*, April 10 2023, <https://cepa.org/comprehensive-reports/confronting-china-and-catching-up-on-chips/>

²² "2023 Factbook," *Semiconductor Industry Association*.

²³ *Ibid*

climate change research, disease diagnosis, and e-commerce.

Some American scholars contend that a limited technological decoupling is essential to maintain America's military superiority and prevent its displacement by the CCP.²⁴ This perception influenced the Pentagon to ban Americans from investing in Xiaomi because the company had an interest in developing 5G and Artificial intelligence (AI).²⁵ The "Huawei ban" in particular has had significantly negative impacts on the global mobile phone market. Huawei, once believed to be on the brink of passing Samsung's market share, can no longer use the Google Play store or download other third-party Google Play store apps onto its devices—reducing its functionality and utility to communicating via SMS and calls.²⁶

Late last year America introduced new export controls to prevent mainland China from importing high-end semiconductors needed to train AI algorithms. The CHIPS Act—an important piece of legislation in this regard, is expected to pump over \$52 billion into America's semiconductor manufacturing industry, chiefly to create foundries to replace imports from Taiwan.²⁷ The US, in an attempt to prevent the PRC from developing semiconductors on par with other major producers, also barred companies from importing advanced manufacturing equipment and placed Huawei and SMIC on a supply list banning the supply of semiconductor components to curb its semiconductor manufacturing industry.²⁸

Since 2020, Chinese researchers with ties to the CPC's military-civil fusion unit have been denied visas.²⁹

President Trump also threatened to ban TikTok in 2020 claiming that the application could be "used for disinformation campaigns that benefit the CPC."³⁰ The US has also sought to lobby foreign governments to block the Chinese entertainment app—TikTok—from domestic consumption. That year, the Department of Justice arrested six Chinese researchers on the grounds of security infractions. This prompted over a thousand Chinese academics to leave the US.³¹ As mentioned earlier, 2023 reports suggest that President Biden reached out to his Japanese and Dutch counterparts hoping that they would adopt similar restrictions against mainland China.³² America's "Chip 4 Alliance" members—Taiwan, South Korea and Japan—are likewise expected to sever critical exports to the PRC in the hopes that this would slow down the development of its semiconductor industry.³³ In short, all of these moves suggest that the economic competition spiraled into the technology realm. Moreover, given the nature of the semiconductor value chain, technology competition now encompasses third party nations playing a critical role in the manufacturing or assembling of semiconductors. The competition between the US and PRC in this domain can fuel a breakdown in the semiconductor supply chain, particularly if the PRC adopts measures that might impact the capacity of Taiwan to produce them. The immediate effect would be a global price hike and the possibility that the rate of new innovations faces a slowdown.

Although Southeast Asian nations are not directly part of the design/development phase of the semiconductor supply chain, the gravity of this crucial product to their economies cannot be

²⁴ Vivek Mishra, "The great US-China tech decoupling," *ORF*, Nov. 2, 2022, <https://www.orfonline.org/expert-speak/the-great-us-china-tech-decoupling/>

²⁵ Jon Bateman, "US-China technological decoupling: a strategy and policy framework," *Carnegie*, 2022, p. 62, https://carnegieendowment.org/files/Bateman_US-China_Decoupling_final.pdf

²⁶ Scott Brown, "The HUAWEI ban explained: A complete timeline and everything you need to know" *Android Authority*, Aug. 8, 2023, <https://www.androidauthority.com/huawei-google-android-ban-988382/>

²⁷ White House, "FACT SHEET: CHIPS and Science Act Will Lower Costs, Create Jobs, Strengthen Supply Chains, and Counter China," Aug. 9, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/09/fact-sheet-chips-and-science-act-will-lower-costs-create-jobs-strengthen-supply-chains-and-counter-china/>; John Edwards, "Chips, subsidies, security and great power competition," *Lowy Institute*, (2023), p. 12.

²⁸ Yongli Zhang and Xinanduo Zhu, "Analysis of the Global trade network of the Chip Industry Chain: Does the US-China tech war matter?" *Heliyon*, 9 (2023), 1-18.

²⁹ Jon Bateman, p. 25

³⁰ *Ibid*, p. 36

³¹ Ellen Nakashima, "More than 1,000 visiting researchers affiliated with the Chinese military fled the United States this summer, Justice Department says," *The Washington Post*, Dec. 2, 2020, https://www.washingtonpost.com/national-security/more-than-1000-visiting-researchers-affiliated-with-the-chinese-military-fled-the-united-states-this-summer-justice-department-says/2020/12/02/9c564dee-34e1-11eb-b59c-adb7153d10c2_story.html

³² Gerrit Der Wees, "Why the Netherlands Should Restrict Semiconductor Tech Exports to China," *The Diplomat*, Jan. 31, 2023, <https://thediplomat.com/2023/01/why-the-netherlands-should-restrict-semiconductor-tech-exports-to-china/>

³³ Dashveenjit Kaur, "Where does ASML actually stand in the US-China chip feud?" *Tech Wire Asia*, Jan. 27, 2023, <https://techwireasia.com/2023/01/where-does-asml-actually-stand-in-the-us-china-chip-feud/>

understated.³⁴ Moreover, as of 2021, statistics show that Singapore and Thailand rank among the top 20 importers of semiconductors.³⁵ Given that the technology competition has now escalated dramatically, what positions have key Southeast Asian nations adopted in relation to this? The next section will explore how the US-China technology competition has been perceived by three Southeast Asian economies—Singapore, Thailand, and Indonesia.

Southeast Asian Responses to the Technological Competition

Singapore

Singapore, a tropical island in Southeast Asia is located off the tip of the Malayan Peninsula. Consisting of just 275 square miles and inhabited by little over 5 million people, it has successfully overcome its geographical limitations to become one of the most developed economies in Asia.³⁶ This section begins by a close examination of speeches made by Singapore's prime minister and foreign minister to examine Singapore's position on the competition between US and the PRC. It will then draw attention to how the competition is described in newspapers published in Singapore. Both sources demonstrate Singapore's unique approach, advocating for a de-escalation and appearing as a de-facto spokesperson for the region.

Singapore and China presently enjoy an "All-Round High Quality Future Oriented Partnership." As per 2021 statistics, the city state's main trading partner is mainland China. On both import and export metrics, mainland China occupies a 13-15% share.³⁷ A

breakdown of bilateral trade based on types of products shows that integrated circuits form a key component of exports (from China to Singapore) and imports (from Singapore to China). As of 2021, \$6.26 billion worth of integrated circuits were exported from China to Singapore while Singapore exported \$14.2 billion worth of integrated circuits to mainland China.³⁸

The city state's top destination economy for investments is mainland China, as of 2022, ranking up S\$215 billion (approximately @160 billion). In comparison, Singapore's FDI in the US was just over S\$36 billion in the same year. The US, however, has invested heavily in Singapore. As of 2022 this value amounted to \$309 billion.³⁹ Goods and service trade also rank at a significant value although this pales in comparison to that of China. As of 2022, US goods and services trade with Singapore totaled \$122.7 billion.

In 2019, the US and Singapore renewed the "1990 Memorandum of Understanding (MOU) Regarding United States Use of Facilities in Singapore" and the two nations regularly hold discussions with high-ranking officials from the defence sector. The US-Singapore Strategic Framework Agreement "allows the US to operate resupply vessels from Singapore and to use a naval base, a ship repair facility and an airfield on the island-state."⁴⁰ Given the extent of close ties Singapore maintains with the US and China, the city-state is at an interesting juncture. How have newspapers captured the competition between the two economic powerhouses?

Our survey focused on two newspapers—*Today Online* and *Channel News Asia*—both of which are authoritative sources with significant coverage and

³⁴ Only two major semiconductor firms operate from Singapore: Avago and UTAC. Saif Khan, Alexander Man and Dahlia Peterson, "The Semiconductor Supply Chain: Assessing National Competitiveness," *CSET Issue Brief* (2021). The city state also has wafer fabrication plants including UMC and Infineon but lacks a critical mass of human capital to support frontier technology research. Thailand and Indonesia also has semiconductor firms focusing on assembly. Additionally, Thailand has a wafer fabrication house specializing on chips targeted at its automobile industry. See Rajah Rasiah and Siu Wong, "Industrial upgrading the semiconductor industry in East Asia," *Innovation and Development*, (2021), 10.1080/2157930X.2021.1934633. Singapore and Thailand also rank among the top 20 semiconductor manufacturing equipment exporting nations as of 2021. Hyung Jeong and Raymond Robertson, "Beyond the battle for supremacy: reshaping the global semiconductor supply chain," *Mosbacher Institute White Paper Series* (2023), 3(1), p. 4.

³⁵ Hyung Jeong and Raymond Robertson, "Beyond the battle for supremacy: reshaping the global semiconductor supply chain," *Mosbacher Institute White Paper Series* (2023), 3(1), p. 3.

³⁶ "About Singapore," *Ministry of Foreign Affairs*, 17 January 2024, <https://www.mfa.gov.sg/Overseas-Mission/Washington/About-Singapore>

³⁷ "Trade Summary for Singapore," *World Integrated Trade Solution*, n.a., <https://wits.worldbank.org/CountrySnapshot/en/SGP/textview>

³⁸ "China/Singapore," *OECD*, 2022, <https://oec.world/en/profile/bilateral-country/chn/partner/sgp>

³⁹ "Singapore," *Office of the US Trade Representative*, n.a. <https://ustr.gov/countries-regions/southeast-asia-pacific/singapore#:~:text=U.S.%20goods%20and%20services%20trade,billion%3B%20imports%20were%20%2442.2%20billion.>

⁴⁰ Ben Dolven, "US-Singapore relations," *Congressional Research Service*, Jan. 17, 2024, <https://sgp.fas.org/crs/row/IF10228.pdf>

readership throughout the nation. Both newspapers covered the story in an objective tone reflecting on how bilateral relations have degraded over time. Commentary did not provide opinions but reported significant events/developments impacting the US-PRC bilateral relationship. For example, one article on Channel News Asia, reporting about the degradation of ties noted that “US-China relations are at the lowest they’ve been in decades. The two countries have clashed on a host of issues.”⁴¹ Given the paucity of analytical opinion on newspapers however, we turned to prime ministerial and the foreign minister’s speeches to identify if stronger opinions and positions were espoused by Singaporean decision-makers.

Interestingly, Singaporean officials have adopted a visibly robust posture on the issue. Prime Minister Lee Hsien Loong, speaking on the March 24, 2023, stated that “the rest of the world needs to recognize that the China of today is not what it was before and accept that it now plays a bigger role on the global stage...the world can ill afford conflict—especially between China and the US.”⁴² On the Nov. 8 of that year at the *Bloomberg New Economy Forum*, he expressed Singapore’s perspective on the competition more starkly. He argued that “China is determined to develop and they believe, I think rightly, that they will get there one way or the other, sooner or later. You can hold them back a few years. You can deny them technology. They will develop their own.” As a consequence, attempts to hold China back (such as the measures the US has adopted) is not viable nor conducive in his view to the maintenance of international peace and stability. At the forum he also acknowledged that the existence of entrenched views of animosity may fuel an increase in tensions and hostility: “in America, the only thing that the two parties agree on is that China is a grave threat. And in China there is also a very strong consensus that

America is out to block them and it is difficult to coexist with America.”⁴³

In his view if US-PRC ties continue to deteriorate it may “lead to further bifurcation of technology and splitting of supply chains, or even worse unintended consequences...The US-China rivalry is inevitably affecting all countries in Asia...and most countries would prefer not to be forced to choose between the US and China.”⁴⁴ Thus, not only does the prime minister acknowledge that the competition this produced is a “problem for many countries in the world” but he also calls for both powers to “think very carefully before deciding that the other one is an adversary.”⁴⁵ He acknowledges that “copyright, intellectual property issues, [and] cybersecurity” are “real problems” which both parties should work “out as the principles of coexistence say, equality and mutual respect and in deed as well as in word.”⁴⁶ Singapore’s position is thus clear. The island state sees the competition as destabilizing, and without siding with one party or the other, calls for both to engage in negotiation and discussions to ease out the factors that produce strong disagreements and tensions. It is also of import that the prime minister, in his speeches, appears to speak on behalf of and advocates for the rest of the region. He argues that “Asian countries need to insulate their overall relations from these specific difficulties.”⁴⁷ His speeches also illustrate, most likely to the US, the position that most Southeast Asian nations prefer to adopt: “To the US, China is a strategic competitor, and they want to make sure they win. To Asian countries, we are not competing with China...we accept that this is the way the region is, let us try to make the region work. And I think if that is the attitude, and if there is sensitivity and consciousness on both sides, it can be made to work.”⁴⁸ In fact, every country in Asia wants to keep its links with the rest of the world,” including the US and the PRC.⁴⁹

⁴¹ “US and China wage war beneath the waves over Internet cables,” *Channel News Asia*, March 25, 2023, <https://www.channelnewsasia.com/world/us-and-china-wage-war-beneath-waves-over-internet-cables-3374896>

⁴² “China’s rise needs to be met with give and take on all sides says Singapore’s PM Lee,” *Channel News Asia*, March 24, 2023, <https://www.todayonline.com/singapore/chinas-rise-needs-be-met-give-and-take-all-sides-says-singapores-pm-lee-2137156>

⁴³ “PM Lee Hsien Loong at Bloomberg New Economy 2023,” *Prime Minister’s Office Singapore*, Nov. 8, 2023, <https://www.pmo.gov.sg/Newsroom/PM-Lee-Hsien-Loong-at-the-Bloomberg-New-Economy-Forum-2023>

⁴⁴ “PM Lee Hsien Loong at the 27th International Conference on the Future of Asia,” *Prime Minister’s Office Singapore*, May 26, 2022, <https://www.pmo.gov.sg/Newsroom/PM-Lee-Hsien-Loong-at-the-27th-International-Conference-on-the-Future-of-Asia>

⁴⁵ “PM Lee Hsien Loong’s interview with the BBC,” *Prime Minister’s Office, Singapore*, March 14, 2021, <https://www.pmo.gov.sg/Newsroom/PM-interview-with-BBC-for-Talking-Business-Asia>

⁴⁶ “PM Lee Hsien Loong’s Closing Dialogue at the Asia Future Summit 2023,” *Prime Minister’s Office Singapore*, Oct. 5, 2023, <https://www.pmo.gov.sg/Newsroom/PM-Lee-Hsien-Loong-Closing-Dialogue-at-the-Asia-Future-Summit-2023>

⁴⁷ “PM Lee Hsien Loong at the Asia Future Summit 2023,” *Prime Minister’s Office Singapore*, Oct. 5, 2023, <https://www.pmo.gov.sg/Newsroom/PM-Lee-Hsien-Loong-at-the-Asia-Future-Summit-2023>

⁴⁸ “PM Lee Hsien Loong’s Closing Dialogue at the Asia Future Summit 2023,” *Prime Minister’s Office Singapore*, Oct. 5, 2023, <https://www.pmo.gov.sg/Newsroom/PM-Lee-Hsien-Loong-Closing-Dialogue-at-the-Asia-Future-Summit-2023>

⁴⁹ *Ibid*

US-China Technology Competition and Southeast Asia's Foreign Policy Posture: Where Do Singapore, Thailand and Indonesia Stand?

The Singaporean foreign minister reiterated these sentiments. He recognizes that the US seeks “to maintain an absolute advantage over China, especially in foundational technologies, which include semiconductors, quantum computing, artificial intelligence, biotechnology and green technologies.”⁵⁰ Even so, he argues that the “US-China relationship should be underpinned by healthy competition and driven by cooperation where possible.”⁵¹ If supply chain bifurcation was to occur, he maintains that “the rate of technological advancement will be disrupted and then it will pose a problem for countries like us.”⁵²

Akin to the prime minister, he too appears to talk for the region, arguing that nobody in the region “wants to be forced to choose sides. For us, we hope that both the US and China will find a modus vivendi in the conduct of their relations, open channels of communication, manage tensions and frictions as and when they arise.”⁵³ In his view “Southeast Asia hopes that a stable balance of power will emerge” by “giving incentive to create peace and development” in the region.⁵⁴ Singapore’s position therefore appears to be one of advocating for a decrease in tensions between the two great powers given the ramifications this may have on supply chains and the global advancement of technology. Interestingly, Singapore also appears to speak for the region in claiming that the region hopes to see communication and dialogue between the two paving the way for a de-escalation of tensions.

Indonesia

Indonesia, the world's fourth-most populous nation and third-largest democracy, occupies a significant geopolitical position as the largest archipelago spanning across the expanse between the Indian Ocean and the South China Sea in Southeast Asia. Boasting a populace exceeding 245 million

inhabitants spread across over 17,000 islands, this expansive archipelago is endowed with abundant natural resources. Moreover, its strategic location along the equatorial belt places it at a pivotal juncture facilitating crucial maritime routes connecting the Pacific and Indian Oceans, rendering it indispensable in global maritime commerce and communication networks.

China stands as Indonesia’s largest trading partner and is also a Comprehensive Strategic Partner of the Southeast Asian nation. In 2021 China is reported to have exported over \$60 billion worth of goods to the nation. As of 2023, top exports from China to the nation were telephones and related electronic equipment and computers.⁵⁵ It also stands as the Belt and Road Initiative’s biggest recipient of FDI in Southeast Asia.⁵⁶ In comparison, US good and services trade with Indonesia in 2022 totalled over \$47 billion. Interestingly US FDI to Indonesia in 2022 saw a 7% decline from 2021 to \$11.9 billion. Even so, both China and the US are significant partners for Indonesia and the nation strives to maintain amicable ties with both great powers.

Of import in relation to Indonesia is the sizable technology-related investments that have come from China in recent years. In 2017 Chinese company Tencent invested \$150 million in Indonesia’s Gojek company. Alibaba holds 12.6% of Indonesia’s GoTo shares and had previously injected \$4 billion into Indonesia’s e-commerce platform Lazada. Both Chinese companies have also built data centers in Indonesia. Chinese digital giant Huawei has over 2000 employees in Jakarta and plans on building a 1,600-kilometer fiber optic network linking Indonesia’s Kalimantan, Sulawesi, and Northern Maluku. Even as the US campaigned for Southeast Asian companies to abandon Huawei’s 5G network, Indonesia doubled down as PT Telkom Indonesia

⁵⁰ “Transcript of Minister Dr Vivian keynote at ANU,” Ministry of Foreign Affairs Singapore, May 2, 2023, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2023/05/01-May-2023---Transcript-of-Minister-for-Foreign-Affairs>

⁵¹ “Remarks by Emeritus Senior Minister Chok Tong” Ministry of Foreign Affairs Singapore, Jan. 19, 2022, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2022/01/20220119ESM>

⁵² “Transcript of Minister Dr Vivian Balakrishnan for CNA,” Ministry of Foreign Affairs Singapore, Aug. 22, 2021, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2021/09/20210910-CNA-docu>

⁵³ “Transcript of MFA Minister,” Ministry of Foreign Affairs Singapore, Sept. 14, 2021, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2021/09/20210914-IPC-Transcript>

⁵⁴ “Transcript of Minister of Foreign Affairs at CFR” Ministry of Foreign Affairs Singapore, June 16, 2023, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2023/06/20230616transcriptcfr>

⁵⁵ “China/Indonesia,” OEC, n.a, <https://oec.world/en/profile/bilateral-country/chn/partner/idn?subnationalTimeSelector=timeYear>

⁵⁶ Ahmad Syarif, “BRI new approach and what it means for Chinese investment in Indonesia,” *The Conversation*, Dec. 9, 2023, <https://theconversation.com/belt-and-road-initiatives-new-approach-and-what-it-means-for-chinese-investments-in-indonesia-218438>

stated that it would cooperate with any 5G vendor including companies from China.⁵⁷

Our examination of Jakarta Post yielded little results. International developments, particularly relating to the US-PRC economic and technological competition were not reported as frequently as was the case in Today Online and Channel News Asia and when it did feature in the paper, it was reporting the development in an objective tone with little to no analysis. It was, consequently, difficult to position Indonesia's public perception on the issue from newspaper sources.

Our survey then turned to speeches by the Indonesian president and foreign minister. Here too, speeches and statements from 2020 to 2023 rarely, if ever, discussed the competition. It appeared that Indonesia's preferred position was to distance itself from the issue and watch as it played out between the two powers. Even so, we were able to uncover a few statements made by authorities which suggest that Indonesia largely follows the rationalization put forward by Singapore.

Given the significant investments made by China under the BRI, the government argues that "BRI cooperation must never be politicized."⁵⁸ Officials in the ministry of foreign affairs acknowledged that "semiconductor chip technology competition is the center of competition between the United States and China" but did not declare any more on the issue.⁵⁹ Having taken over the chairmanship of the ASEAN in 2023, the foreign minister of Indonesia, speaking mostly on behalf of the regional organization, argued that major power competition is condemned and that additional efforts to reinforce the existing regional architecture should be adopted.⁶⁰ Additionally, even when tensions erupted into minor clashes between the two nations in the South China Sea, Indonesia has strived to separate the South China Sea Exclusive

Economic Zone dispute with its overall relationship with Beijing.⁶¹

A presentation delivered by Mari Pangestu, a government minister in Bali (December 2023), stands as one of the few official statements on the US-PRC technological competition. While it does not discuss Indonesia's foreign policy posture on the issue, Mari argues that "Indonesia did not benefit as much from spillover effects of US-China trade war due to unsuitable production structures, low integration into the global supply chain, highly uncertain business environment" and a number of other factors.⁶² Thus, Indonesia appears to distance itself from delivering any official comment on the bilateral trade and technological competition between the US and China and has not made a significant statement on the way in which the competition has devolved over time. Interestingly, it has also appeared to examine whether it can harness the technological competition to its advantage—particularly, whether manufacturers would be willing to relocate from China to Indonesia—and has concluded that this is not likely given the structural weaknesses of the Indonesian economy. This is a common theme we identified in the case of Thailand as well.

Thailand

Our examination of the *Bangkok Post* yielded the same result as that of the other newspapers—no commentary or analysis beyond the reporting of the developments and flux in the US-China relationship. Moreover, government speeches also yielded little in terms of statements on the competition, most likely due to the political instability and rule of the military in Thailand (until 2023). Despite being a constitutional monarchy, Thailand has undergone several coups, the most recent being in 2014, when Gen. Prayut Chan O-Cha took control. A general election in May 2023, however, introduced a new prime minister after he defeated the royalist-military

⁵⁷ Fajar B. Hirawan, Raymond Atje, Veronika Saraswati, and Rania Teguh, "Digital Silk Road and inclusive development in Indonesia," *Centre for Strategic and International Studies*, 2023, https://s3-csis-web.s3.ap-southeast-1.amazonaws.com/doc/Research_Report_DSR_Indonesia.pdf?download=1

⁵⁸ Joko Widodo, "Remarks of the President," *Cabinet Secretariat of the Republic of Indonesia*, Oct. 18, 2023, <https://setkab.go.id/en/remarks-of-president-of-the-republic-of-indonesia-at-the-opening-of-the-third-belt-and-road-forum-brf-at-the-great-hall-of-the-people-beijing-peoples-republic-of-china-october-18-2023/>

⁵⁹ "National Seminar on Digital Transformation of Indonesia 2045," *Newsletter – Tanhana Dharma Mangra*, August 2023, https://www.lemhannas.go.id/images/Publikasi_Humas/Newsletter/NEWSLETTER_EDISI_169_AGUSTUS_Ingggris.pdf

⁶⁰ "Era of complex competition and world caught in a whirlwind of changes," *ASAN Institute of Policy Studies Issue Brief*, March 27, 2023, <http://en.asaninst.org/contents/era-of-complex-competition-and-world-caught-in-a-whirlwind-of-changes/>

⁶¹ "Government reinforces Indonesia's sovereignty in the South China Sea," *Cabinet Secretariat of the Republic of Indonesia*, Jan. 8, 2020, <https://setkab.go.id/en/govt-reinforces-indonesias-sovereignty-in-south-china-sea/>

⁶² Marie Pangestu, "Indonesia: recalibrating to meet challenges and opportunities," Presentation delivered in Bali Dec. 7, 2023, https://fiskal.kemenkeu.go.id/aifed/seminar-files/10/Docs_20231207_indonesia_recalibrating_to_meet_challenges_and_o.pdf

US-China Technology Competition and Southeast Asia's Foreign Policy Posture: Where Do Singapore, Thailand and Indonesia Stand?

parties that had previously supported Chan O-Cha. China is Thailand's largest trading partner while the latter is China's third largest trading partner. In 2022, bilateral trade between the two nations reached \$135 billion while China's non-financial FDI reached \$1.29 billion in 2022. As of the end of 2022, Chinese companies had signed contracts worth over \$49 billion in Thailand.⁶³ Of import is that broadcasting equipment consists of the largest category of Chinese exports to Thailand in 2021.⁶⁴

Government statements on the competition has also been significantly muted. Although the government does examine the issue—one notable case that was reported was the Department of East Asian affairs conducting a consultation with the International Studies Centre on Major power competition on technology—no outcome or analysis was available on online open-source platforms.⁶⁵ The Official NESDC Economic Report on Thai Economic Performance reported that “tensions between US and China might lead to the implementation of trade and investment protection measures along with technological competition and thus worsen the global supply chain disruption” but once more, the document did not provide any analysis of what Thailand should do in this context or provide more details on Thailand's official position on this technological competition.⁶⁶ The only available government statement on the economic and technological competition came from the Office of Industrial Economics. The Director General stated in 2023 that “Thailand has seen some benefits from this situation, with some major companies relocating their digital camera production bases from China to Thailand.”⁶⁷ *Asia Tech Daily* reported some of the gains Thailand made because of the technological competition. According to this report, Thai exports to the US increased by 11.8% “as American importers increasingly sought for alternatives to Chinese-made products.”⁶⁸ Outcomes has not been entirely positive, however. According to a report submitted by the *AEC Business Advisory*

services, “Thailand is one of the victims of the global tariffs Trump imposed on solar panels, washing machines, steel and aluminum. As a result, exports of solar panels and washing machines to the US dipped by 78%.”⁶⁹ Thus, in the case of Thailand, we see that the initial urge to translate the economic and technological competition between the US and China into advantages for its domestic economy was partially successful. Even so, the economy did suffer due to the sweeping trade measures the Trump administration imposed on exports to the US. While Thailand, akin to Indonesia, did not officially issue a statement on the trade and technological competition it appears that Thai officials are somewhat apprehensive of the impact of the dispute on their own economy and global supply chains. Even so, their efforts to capitalize on this new development and entice Chinese investments and manufacturers into their economy demonstrates a proactive approach in their foreign policy.

Conclusion

America's measures to slow China's pace of technological development have made a significant impact. More importantly, while increased public investments into their own semiconductor development processes will create some benefits, the net effect on a global scale is more likely to be negative as these measures will stymie international cooperation and economies of scale. Interestingly, despite the significant ramifications this may have on their economies, Southeast Asian nations have exhibited patience, called for de-escalation (devoid of strong rhetoric), and quietly sought to maximize the benefits they can accrue by positioning themselves as attractive locations for semiconductor manufacturing. This has brought some benefits for Thailand but has failed to materialize positively in the case of Indonesia. Singapore and other ASEAN economies may also move towards this direction given the protracted nature of the competition,

⁶³ “Bilateral Relations,” *Embassy of the People's Republic of China in the Kingdom of Thailand*, Dec. 19, 2023, <http://th.china-embassy.gov.cn/eng/ztx/gxgk/>

⁶⁴ “Thailand/China,” *OEC*, n.a., <https://oec.world/en/profile/bilateral-country/tha/partner/chn>

⁶⁵ “2021 Annual Report,” *International Studies Centre*, 2021, https://image.mfa.go.th/mfa/0/4OICTby7gE/ISC_Annual_Report_2021.pdf

⁶⁶ “Thai Economic Performance in Q1 and outlook for 2023,” *NESDC Economic Report*, May 15, 2023, https://www.nesdc.go.th/ewt_dl_link.php?nid=13931

⁶⁷ “Ongoing US-China tech war likely to benefit Thailand,” *The Nation*, June 28, 2023, <https://www.nationthailand.com/business/tech/40028917>

⁶⁸ RHL Ventures, “Will Thailand rise to be a tech manufacturing base post US-China trade war?,” *Asia Tech Daily*, July 18, 2020, <https://asiattechdaily.com/will-thailand-rise-to-be-a-tech-manufacturing-base-post-us-china-trade-war/>

⁶⁹ “US-China Trade War and its impact on Thailand,” *AEC Business Advisory*, Dec. 25, 2018, https://www.kasikornbank.com/international-business/en/Thailand/Intelligence/Pages/201812_US-China_trade_war.aspx

particularly in the backdrop of the US identifying the semiconductor industry as a national security concern.⁷⁰

Our hypothesis was that the nature of these Southeast Asian countries' relationship with China and the US would create noticeable differences in their stance. This proved to be false. Despite Thailand's formal defense treaty with the US, Singapore's informal alignment with the US and Indonesia's independent position on defense matters, the three nations essentially espoused similar stances. This goes to

show that their close economic ties with China notwithstanding, Southeast Asian nations appear to maintain a common stance on the need to de-escalate the trade war tensions albeit with the intention of also capitalizing on opportunities that may open because of this technology competition. Should their ability to acquire critical technologies such as semiconductors be negatively affected to such an extent that their individual economies face immediate repercussions, we may expect stronger stances by Southeast Asian leaders.

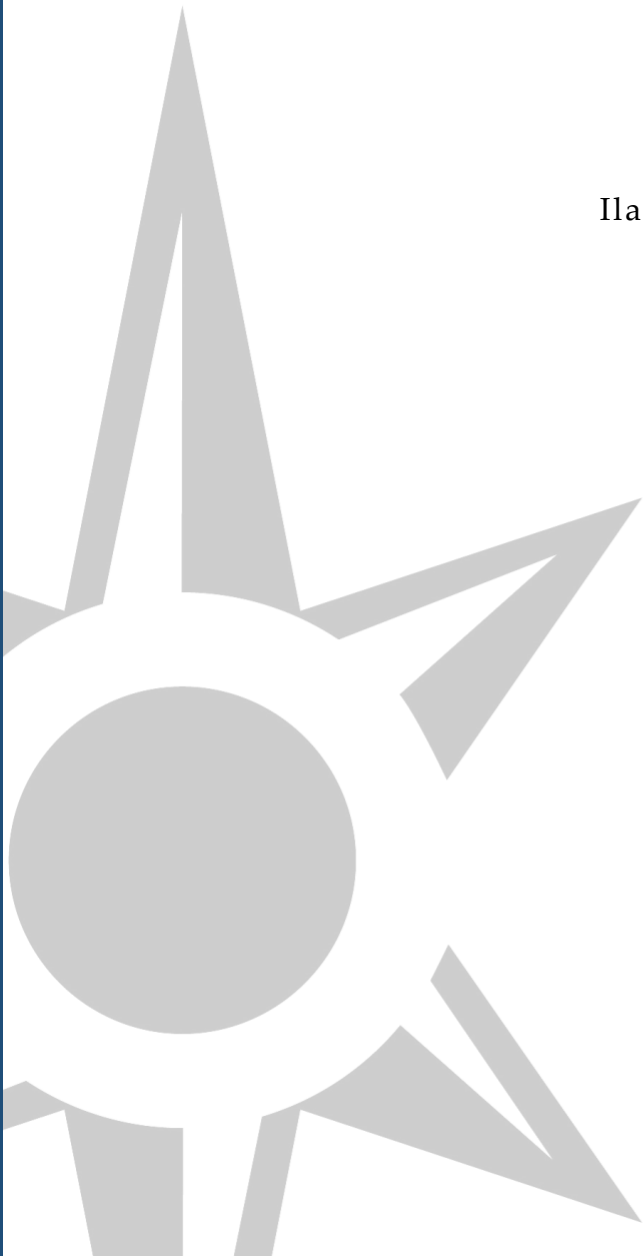
⁷⁰ Anthony Blinken, "Press Availability," *US Department of State*, June 19, 2023, <https://www.state.gov/secretary-of-state-antony-j-blinkens-press-availability/>

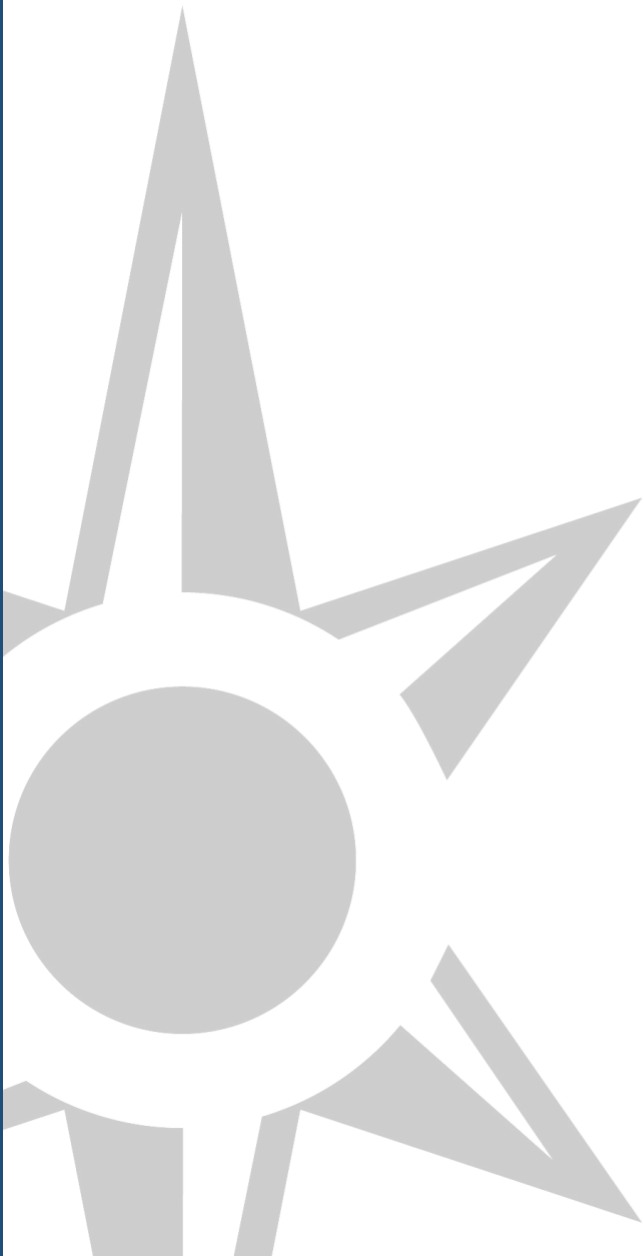
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BRICS' Emerging Economic Statecraft is Not a Strategic Threat to the United States—Yet

By
Ila Prabhuram





Executive Summary

Ila Prabhuram

Washington can no longer ignore the economic and political potential of the expanding BRICS grouping, which originally comprised Brazil, Russia, India, China, and South Africa, but now includes Saudi Arabia, the United Arab Emirates, Ethiopia, Egypt, and Iran. Following the 15th BRICS summit in Johannesburg, South Africa in August 2023, which focused on the expanding role of African countries in the global economy, BRICS has underscored the growing disenchantment of developing countries around the world, and after a decade of the United States dismissing the coalition's expansion, Washington can no longer overlook the bloc's increasing economic and political influence. BRICS' increasing global appeal, albeit a work in progress, is a signal that America's place as the hegemon in the unipolar world order is being redefined, but this shift in power dynamics need not necessarily threaten the United States. Rather, the coalition has the potential to serve as a reconciliatory tool for the West—a new opportunity for remediation, rectified cooperation efforts, and a more equal international order. The US has historically treated Global South countries as an afterthought in international affairs, only recently recognizing the need to pay greater attention to the developing world. Whether the United States supports a more equal international order is up in the air; however, if the Global North countries continue to downplay the significance of the Global South coalition, the US risks being shunned by much of the developing world or even overtaken by more attuned rivals like China or India. Moreover, BRICS could evolve into even more of a potent negotiation force that can chip away at the US' economic dominance and directly hinder Washington's geopolitical and economic aspirations.

Introduction: The Emergence of BRICS

The BRICS (Brazil, Russia, India, China, and South Africa) coalition delineates the world's emerging economies, at a time when they are experiencing significant growth in their economies and/or their influence, although the economies of Russia and South Africa have been facing significant challenges as of late.¹ BRICS nations have indicated their priority, time after time, to challenge the global world order and foster a more efficient and representative international system while ultimately representing the interests of the Global South. Russia sparked the creation of BRICS in 2006 to enhance its own economic agency and the overall economic and political influence of emerging Global South economies. The original five BRICS permanent members are now significant players in the global economy, in energy, and in world politics and seek to create a more multipolar world order designed to provide a voice for Global South countries.

As the world's largest emerging economies, BRICS nations collaborate to create deeper ties in the technology program through innovations such as generative artificial intelligence (AI), space programs, and even online shopping, as investment in e-commerce can provide advantages in international trade to BRICS countries. The five core BRICS countries, along with the coalition's newer members—Saudi Arabia, the UAE, Egypt, Ethiopia, and Iran—have expressed interest in prioritizing cross-border technology developments and the development of AI projects in BRICS countries that hinge on the development of generative AI.² The goal of BRICS countries investing in emerging technologies and innovations ultimately centers around aligning the Global South with the reform of the multilateral system, ultimately elevating the role of the Global South in the international system. Not only did Russia initiate the creation of BRICS, but

the first Ministerial Meeting took place in September 2006 at the proposal of Russian President Vladimir Putin on the margins of a UN General Assembly session in New York, where ministers of Russia, Brazil, India, and China expressed interest in furthering multilateral cooperation. Several pertinent BRICS meetings took place in the Russian city of Yekaterinburg, including a 2008 Meeting of BRICS Foreign Ministers at Russia's initiative, as well as the first BRICS summit in 2009.

The goal of BRICS as an organization encompasses the following, excerpted from the joint statement issued during the 2009 BRIC Summit (prior to South Africa's admittance into the coalition in 2010):

(...) to promote dialogue and cooperation among our countries in an incremental, proactive, pragmatic, open and transparent way. The dialogue and cooperation of the BRIC countries is conducive not only to serving common interests of emerging market economies and developing countries, but also to building a harmonious world of lasting peace and common prosperity.³

Although the organization has faced numerous challenges since its inception (such as domestic socio-economic issues, economic slowdowns, recession and slowdown in many BRICS nations, difficulty maintaining the cohesion and collaboration within the bloc), BRICS yields ubiquitous economic and political influence. The organization is one of the main driving forces of economic development, accounting for over a third (about 37.3%) of global GDP in 2024.⁴ Considering the substantial combined population of BRICS countries (approximately 2.88 billion), their abundant natural resources, and sheer land mass (covering over 26% of the world's land), BRICS countries yield tremendous influence over several international organizations, such as the UN, the Non-Aligned Movement,⁵ the G20,⁶ and the

¹ Petrone, Francesco. "Why We Need a Multilateralism That Works and What Is the Role of the BRICS: Lessons from the Recent Covid-19 Pandemic." *BRICS Journal of Economics* 4, no. 1 (March 31, 2023): 35-51. <https://doi.org/10.3897/brics-econ.4.e99323>.

² "NITI Aayog: India's National Strategy for Artificial Intelligence." NITI Aayog, 2018. <https://www.niti.gov.in/sites/default/files/2023-03/National-Strategy-for-Artificial-Intelligence.pdf>.

³ "2nd BRIC Summit of Heads of State and Government: Joint Statement." BRICS leaders joint statement, 2010, April 15, 2010. <http://www.brics.utoronto.ca/docs/100415-leaders.html>.

⁴ "Expansion of BRICS: A Quest for Greater Global Influence?: Think Tank: European Parliament." Think Tank | European Parliament, 2024. [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2024\)760368#:~:text=According%20to%20estimates%2C%20BRICS%2B%2C%20as,as%20the%20EU%20\(14.5%20%25\)](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2024)760368#:~:text=According%20to%20estimates%2C%20BRICS%2B%2C%20as,as%20the%20EU%20(14.5%20%25).).

⁵ Founded in 1961, [NAM](#) was created with the goal of advancing the interests of developing countries to avoid allying against the United States and the USSR during the Cold War and instead form a collective alliance to further self-determination against colonialism and imperialism.

⁶ [G20, or 'Group of 20'](#) defends commitment to addressing major international development and global economy issues, such as climate

Group of 77.⁷ The United Nations charter, which recognized principles of international law and principles centered around openness, pragmatism, solidarity, non-bloc nature, and neutrality regarding third parties serve as the foundation for cooperative and strategic relations amidst BRICS partners.

The Unipolar World Order

Following the end of the Cold War and the collapse of the Soviet Union in 1991, the United States emerged as the dominant global hegemon with virtually unrestrained power, marking the shift from a bipolar to a unipolar world order. Upon the USSR's collapse, the US was left with a blank slate that allowed the country to impose its democratic values, free markets, and individual liberty on other states, seeking a new liberal order based upon the rule of law and democratic governance.

Realist theory, in both its structural and classical frameworks, propagates the notion of a deeply anarchic world in the international realm, characterized by self-protection, self-determination, and the global distribution of power due to the absence of a governing world state. Classical realism highlights the intrinsic desire of human nature and states to dominate others, oftentimes favoring a multipolar world order (supported by Hans Morgenthau, who believed multipolar systems were less war-prone⁸) as opposed to a bipolar or unipolar balance of power. Structural realism focuses on the structure and distribution of power in the international system without regard to individual human or state behavior, including a distinction between defensive and offensive realism. Defensive realists, such as Kenneth Waltz and Stephen Walt⁹, attest that great powers—such as the United States, in this case—are critical for ensuring the survival of weaker states through strategic alliances. Under realist theory, the absence of a world government lays the foundation for weaker states to form alliances against powerful states, or hegemon, that emerge from the current balance of power. The

formation of BRICS, along with other organizations such as the Group of 77, the Non-Aligned Movement, and G20, can be compared to this structural realist framework of aligning weaker states.

Neo-realist theory, also known as the balance of power theory, predicts that, in a unipolar system, states that have similar capabilities matching the hegemon/superpower will balance either internally (through strengthening their own military capabilities) or externally (through forming military alliances). BRICS exemplifies this, as the member countries possess notable differences in interests and policies. The soft balancing theory of neorealism thus applies here; states that grow wealthier in the international realm seek greater worldwide influence and an expansion of their interests through forming coalitions with other similar states as opposed to individually challenging the current hegemon. In a unipolar system, no state can challenge the hegemon directly; thus, some theorists—like Robert Pape—attest that balancing can only be achieved in a counter-hegemonic coalition by multiple states acting together (such as BRICS)¹⁰. Hard balancing—which focuses on augmenting the military power of the state(s) against the threatening state/ hegemon—poses numerous risks in the face of coordination problems. Soft balancing—which encompasses the use of nonmilitary tools to undermine the hegemon using international institutions, diplomatic coalitions, and economic statecraft—is a more viable strategy, and the creation of BRICS exemplifies soft balancing. Soft balancing strategies oftentimes effectively establish a trustful cooperation and a convergence of expectations to overcome collective action problems, and realist theory expects states with emerging economic prosperities to form protective coalitions that challenge the existing hegemon.

BRICS member nations are each characterized by economic prosperity, albeit in different forms, to a degree that qualifies them as major powers either currently or in the near future. This increasing economic independence and prosperity propels

change mitigation, sustainable development, and international financial stability.

⁷ [The Group of 77](#) is a United Nations intergovernmental coalition designed to promote members' collective economic interests and cultivate an organizational South-South negotiating capacity in the United Nations.

⁸ Sun, Meicen. "Balance of Power Theory in Today's International System." E, February 12, 2014. <https://www.e-ir.info/2014/02/12/balance-of-power-theory-in-todays-international-system/>.

⁹ Walt, Stephen M. "America Is Too Scared of the Multipolar World." Belfer Center for Science and International Affairs, March 7, 2023. <https://www.belfercenter.org/publication/america-too-scared-multipolar-world>.

¹⁰ Pape, Robert A. "Soft Balancing against the United States." *International Security* 30, no. 1 (2005): 7–45. <http://www.jstor.org/stable/4137457>.

countries like Brazil, India, China, Russia, and South Africa to form a coalition aimed at enhancing mutual goals, interests, and trust.

Changes to the US Hegemonic Domination

While the US originally embarked on a new liberal order of democratic peace and the rule of law, the country has remained in a constant state of war as opposed to building a path for peace. Numerous Cold War proxy conflicts, such as in Korea (1950-1953) and Vietnam (1955-1975), have exacerbated the United States' ongoing state of war in the international realm. The main priority of the US Grand Strategy was preserving the United States' position as the most powerful actor in the international realm—the hegemon of a unipolar world, aligning with the self-interested principles of the realist framework.

The creation of BRICS as a coalition hinges on the expansion of the Global South's power, and with this expansion comes the goal of replacing the US dollar as the world's reserve currency. Brazilian President Luiz Inácio “Lula” da Silva advocated for a common BRICS currency in August 2023, which would essentially provide an alternative to the US dollar; one established by countries accounting for nearly one-third of the world's GDP. Demands for de-dollarization stem from factors such as uncertainty about the political stability of the United States, the weaponization of global public financial goods by the West, Western renegeing on climate finance commitments (such as former United States President Donald Trump backtracking on the \$3 billion US pledge for the Green Climate Fund¹¹), and the lack of attention from the West on food security issues and health impediments in the Global South during the COVID-19 pandemic. Policies propagated by the West, such as the weaponization of global public financial goods and international payment mechanisms, has created disenchantment among Global South countries in the international system.

¹¹Layne, Nathan. “Trump Says He Would Renege on \$3 Billion Us Pledge for Green Climate Fund | Reuters.” Reuters, December 14, 2023. <https://www.reuters.com/world/us/trump-says-he-would-renege-3-billion-us-pledge-green-climate-fund-2023-12-14/>

¹²Yu, Zhou. “The Weaponization of Global Financial Public Goods and Its Formation Mechanism - Interpret: China.” Center for Strategic and International Studies, August 28, 2022. <https://interpret.csis.org/translations/the-weaponization-of-global-financial-public-goods-and-its-formation-mechanism/>.

This is depicted through the West employing restrictive sanctions on Russia following its invasion of Ukraine, in which scholars conclude that the West's deployment of financial sanctions on Russia through restricting Western-operated financial markets and monetary systems that Russian individuals, companies, and banks rely on constitute as the weaponization of global financial public goods by the West.¹² Because of the ubiquity of the dollar, financial sanctions imposed by the West often make it difficult for the affected countries to circumvent them. These restrictive policies ultimately undermine its effectiveness and create independence among the Global South from Western public goods and dependence on the West, both economically and politically. While the creation of a BRICS national currency is a long-term goal, de-dollarization is exacerbated by the increase in trade among BRICS countries' national currencies.¹³ For example, in July 2023, India made a payment to the United Arab Emirates in rupees for a crude oil transaction—its first ever payment in rupees—in an effort to diversify oil suppliers and make rupees a more internationally-recognized trade currency.¹⁴

Washington's Response to the Rise of BRICS

The foundation of BRICS hinges upon the elevation of the Global South to alter the existing world order, which may be perceived as a threat by Western powers and global coalitions, such as the European Union and the United States, that support the existing liberal international order. Perpetuating this ideology, BRICS countries have demonstrated their reluctance to adhering to the existing Western international order.

Jake Sullivan, the US national security adviser, has described the coalition as “not some kind of geopolitical rival,” downplaying the significance of

¹³ Pistilli, Melissa. “How Would a New BRICS Currency Affect the US Dollar? (Updated 2024).” Nasdaq, May 2024. <https://www.nasdaq.com/articles/how-would-a-new-brics-currency-affect-the-us-dollar-updated-2024#:~:text=There's%20no%20definitive%20launch%20date,openly%20with%20all%20fair%20partners.>

¹⁴ “India Makes First-Ever Rupee Payment for the Purchase of Crude Oil from UAE.” Business Standard, December 26, 2023. https://www.business-standard.com/economy/news/india-makes-first-ever-rupee-payment-for-the-purchase-of-crude-oil-from-uae-123122600124_1.html.

the group.¹⁵ And for more than a decade, the United States ignored the rise of the BRICS bloc, with Western media portraying BRICS as a Chinese attempt to detract from US power or an insignificant coalition. Following the Aug. 22-24, 2023 summit in Johannesburg, BRICS' expansion has unmistakably underscored the disenchantment among many developing countries with their role in the existing world order. Washington has focused its efforts primarily on relations between individual BRICS member countries as opposed to the bloc itself. Washington has historically derived its power from the divide-and-conquer strategy, dividing the world into specific regions—US allies in the Global South are encouraged to counter US adversaries and forge strong links with other US partners in their region, and this approach aims to limit these powers' horizons to their own regions¹⁶. BRICS offers these countries a space to form their own cross-regional ties free from US influence that often work against the preferred status quo of Washington's division of labor. However, Washington perceives this as a threat to its existing dominance.

One area of concern from the West stems from China's growing involvement with the MENA (Middle East and North Africa) region, which can incentivize these countries to look for alternative partners as opposed to the United States and European countries¹⁷. China's growing relationship with the Middle East could exacerbate the ongoing tensions between the US and China due to the Arab World's hostility towards the United States. Chinese Foreign Minister Wang Yi presented an action plan to the United Nations Security Council in December 2023 advocating for Palestinian statehood and declaring China's support for Arab and Muslim

countries, along with China's staunch support for the Palestinian cause in the Gaza war.¹⁸ China, however, is perceived as an opportunist actor in the Middle East; rather than seeking to be the most powerful operator in the region, China aims to create a more "globally unaligned" world and reduce the Middle East's dependence on the United States¹⁹. China has signed strategic partnerships with a significant number of Middle East countries and has established closer relationships with regional organizations, such as the China-Gulf Cooperation Council (GCC) Strategic Dialogue and the China-Arab States Cooperation Forum (CASCF), in recent years.²⁰ Although China has expressed its desire for an independent state of Palestine as an important step for the path to peace in the Middle East, the country has not explicitly expressed its desire for hands-on involvement in the liberation of Palestine or in any other existing conflicts in the Middle East. Another area of concern perceived by the Global North is the increased support of African countries for de-dollarization efforts and moving away from Western international order. Moreover, the most recent BRICS summit in August 2023 in Johannesburg discussed the partnership between BRICS and Africa to "recalibrate the rules-based global economic order" that has historically marginalized and overlooked African countries.

Washington's current approach to the growing economic and political prowess of BRICS has been furthering bilateral relations with India, South Africa, and Brazil, isolating Russia, and mitigating tensions with China. In fact, recently, President Biden and his administration passed a law that banned Americans from using Russian-made cybersecurity software due to national security concerns²¹. The US has repeatedly

¹⁵"Press Gaggle by National Security Advisor Jake Sullivan." The White House, Aug. 23, 2023. <https://www.whitehouse.gov/briefing-room/press-briefings/2023/08/22/press-gaggle-by-national-security-advisor-jake-sullivan-2/>.

¹⁶Shidore, Sarang. "American Power Just Took a Big Hit." The New York Times, September 1, 2023. <https://www.nytimes.com/2023/09/01/opinion/brics-expansion-america.html>.

¹⁷"The BRICS as a Security Challenge in Multilateral Forums: The BRICS as an EU Security Challenge." The BRICS as a Security Challenge in Multilateral Forums | The BRICS as an EU Security Challenge. Accessed June 24, 2024. https://www.dingendael.org/pub/2015/the_brics_as_an_eu_security_challenge/1_the_brics_as_a_security_challenge_in_multilateral_forums/.

¹⁸Hoffman, Jon. "The US Has Nothing to Fear from China in the Middle East." Cato.org, December 6, 2023. <https://www.cato.org/commentary/us-has-nothing-fear-china-middle>.

east#:~:text=The%20US%20has%20come%20to,US%20foreign%20policy%20in%20general.

¹⁹Alterman, Jon B. "China and the Middle East." CSIS, April 19, 2024. <https://www.csis.org/analysis/china-and-middle-east>.

²⁰Yaakoubi, Aziz El, and Julie Zhu. "Saudi Arabia to Host China-Arab Summit during XI Visit, Sources Say | Reuters." Reuters, Nov. 30, 2022. <https://www.reuters.com/world/middle-east/saudi-arabia-host-china-arab-summit-during-xi-visit-sources-say-2022-11-30/>.

²¹ Cohen, Zachary, Sean Lyngaas, and Jennifer Hansler. "Biden Administration Bans Americans from Using Russian-Made Cybersecurity Software over National Security Concerns | CNN Politics." CNN, June 21, 2024. <https://www.cnn.com/2024/06/20/politics/biden-administration-bans-kaspersky-software/index.html#:~:text=Kaspersky%3A%20Biden%20administration%20bans%20Americans,national%20security%20concerns%20%7C%20CNN%20Politics>.

stressed its concerns for Chinese Communist Party (CCP) spies from China using Chinese-dominated social media platforms, such as WeChat, threatening Chinese individuals living in America, and employing other forms of transnational repression to gather intelligence on America²², and these concerns have incentivized the United States to implement restrictive measures against China. With the creation of Chinese Students and Scholars Associations (CSSAs) and changes to national security laws in both China and Hong Kong, surveillance from China and Hong Kong on overseas students has increased exponentially²³ and, subsequently, so has transnational repression that discourages thousands of international students from exercising their freedom of expression and civil liberties. The United Front Strategy of the CCP presents numerous difficulties for US law enforcement and counterintelligence agencies. US counterintelligence revolves around understanding how an adversary (in this case, the CCP) uses intelligence against the United States. US law enforcement agencies attempt to design their counterintelligence protocols in such a way that overlooks the perception of discrimination and instead focuses on tracking the activities of those who collect intelligence to find out whom they have targeted.

BRICS is Not a Security Threat, but Washington Can No Longer Ignore It

While the rise of the BRICS coalition may appear a threat to the United States' current domination in the world order, dismissing its motivations is counterproductive. US foreign policy has largely ignored BRICS as a coalition for years, as the apparatus is regionally oriented and has pivoted to the Indo-Pacific region, straying away from Asia and

the Middle East.²⁴ Although BRICS is a work in progress, the coalition represents the discontent among the Global South and a need for change in the liberal international order—a change more representative and encompassing of the world's emerging powers. Despite this, however, BRICS poses a challenge to America in terms of global norms, cross-regional collaboration, and geopolitical rivalries²⁵.

BRICS countries are not only seen as an alternative to Western powers for Middle East cooperation efforts; because of the growing political and economic powers of the BRICS coalition, the countries have assumed the roles of norm entrepreneurs²⁶ in multilateral forums, seeking to change the status quo of existing social rules in the international order. BRICS can help reduce economic imbalances between rich, poor, and middle-income countries—especially through the energy market and climate change—as several BRICS countries have demonstrated support for reducing fossil fuel use, investing in more sustainable energy practices, and furthering the green transition away from oil and gas. However, the bloc is still taking shape, and leaders from BRICS countries have expressed that the bloc is not necessarily an anti-American structure.²⁷ While BRICS seeks to alter the existing liberal international order, the bloc faces numerous challenges with de-dollarization and deviating from the capitalistic, Western hegemony that still characterizes the bloc's economic role. BRICS countries continue to work with the existing capitalist order, and they occupy a substantial place in the expanded reproduction of global capital.²⁸ India is a crucial partner of the US, and the US has expressed its support for India's transition into a global power. Furthermore, there is growing inequality in BRICS countries—income

²² Herman, Arthur. "WeChat: China's Other Trojan Horse." *Forbes*, February 6, 2023. <https://www.forbes.com/sites/arthurherman/2023/02/03/wechat-chinas-other-trojan-horse/>.

²³ Feng, Emily. "Chinese Universities Are Enshrining Communist Party Control in Their Charters." *NPR*, January 20, 2020. <https://www.npr.org/2020/01/20/796377204/chinese-universities-are-enshrining-communist-party-control-in-their-charters>.

²⁴ "The BRICS Is Not a Strategic Threat to the United States." *Geopolitical Monitor*, May 30, 2024. <https://www.geopoliticalmonitor.com/the-brics-is-not-a-strategic-threat-to-the-united-states/>.

²⁵ Shidore, Sarang. "American Power Just Took a Big Hit." *The New York Times*, Sept. 1, 2023. <https://www.nytimes.com/2023/09/01/opinion/brics-expansion-america.html>.

²⁶ Giaccaglia, Clarisa, and María Noel Dussort. 2022. "BRICS Member States as Norm Entrepreneurs: Worldviews and Bids for Power in Global Health and World Energy Governance." *Third World Quarterly* 43 (12): 2888–2906. doi:10.1080/01436597.2022.2115883.

²⁷ Papa, Mihaela, and Han, Zhen. 2024. "As BRICS Cooperation Accelerates, Is It Time for the US to Develop a BRICS Policy?" *The Conversation*. <https://theconversation.com/as-brics-cooperation-accelerates-is-it-time-for-the-us-to-develop-a-brics-policy-210021>.

²⁸ Contributor, Inkstick. "How Real Is the BRICS Challenge to Reshuffle the World?" *Inkstick*, June 24, 2024. <https://inkstickmedia.com/how-real-is-the-brics-challenge-to-reshuffle-the-world/>.

inequalities in all BRICS countries have remained above the Organization for Economic Co-operation and Development average, and the key drivers of inequality center around labor force inequalities, spatial divides (rural-urban), education disparities, and barriers for employment that disproportionately impact women.²⁹ Additionally, factors like Russia's invasion of Ukraine, the ongoing rivalry between China and India, and the difficulties that accompany challenging the US dollar's global reserve status serve as barriers to BRICS fundamentally altering the unipolar world system.³⁰ Additionally, numerous critics believe that BRICS has "offered nothing fundamentally different" in terms of alternatives to the unipolar world order—from the leftist President Lula in Brazil to the admittance of Islamic monarchies like Saudi Arabia and the UAE (both key partners for the United States), and Iran (a strategic rivalry of Riyadh), there are doubts about whether BRICS can challenge the existing US hegemony.

Moreover, there are questions regarding tensions between India and China, reflecting internal animosity within BRICS that could affect the organization's legitimacy (such as India's involvement with the Quadrilateral Security Dialogue). India and China also maintain differing views on the future and expansion of BRICS—China pushes for a more rapid BRICS membership expansion, while India wants to focus on cooperation efforts within the current BRICS members. India's approach could prove beneficial for promoting cooperation among developing countries and engaging with the G7 to reform the international financial system and address global crises, but China's approach could lead to more anti-US activism, thus exacerbating the tensions between the US and numerous Global South countries. Due to the acrimony between certain BRICS countries (China and India, Saudi Arabia and Iran, and Egypt and Ethiopia), BRICS can counter this distrust and create a more cohesive organization.

This cohesion should not be viewed as a threat to the United States, despite the views of some specific

members. BRICS, as a whole, does not seek to strip America away from its power entirely—rather, the bloc aims to advance the voices of the Global South, allowing other countries to be leading powers amid the US as opposed to the US being the leading hegemon in the existing world order. Following the first 2009 BRICS summit in Yekaterinburg, Russia, the Chinese Foreign Ministry reinstated that BRIC's cooperation did not hinge on retaliating against "a third party," and India's then-Foreign Secretary Shivshankar Menon further confirmed that there would be no "America bashing" or anti-Western sentiments during BRICS meetings, directly rejecting China's and Russia's de-dollarization efforts.³¹ Moreover, BRICS has yet to realize its potential. The bloc has not been successful in launching an alternative to the US dollar reserve, despite the creation of institutions like the New Development Bank, and many BRICS countries are still aligned with Western-centric multilateralism.³² Washington has the chance now to cultivate development-focused, closer relationships with BRICS countries that help create a stronger alignment between the West and the Global South, rather than propagating divisive policies that group countries into friendly democracies and not. The expansion of BRICS could pose an opportunity for Washington to create stronger linkages with India, Brazil, and South Africa and help the US maintain a strong position in the emerging multipolar world. Instead of ignoring the bloc's rise to power and fixating on bilateral relations with individual countries, BRICS' emerging economic statecraft offers the US a chance to rectify its lack of cooperation with certain developing countries and abandon notions of exceptionalism that perpetuate an unequal unipolar world order, which could lead to an improved America and, possibly, an improved international system.

²⁹Ivins, Courtney. "Inequality Matters: BRICS Inequalities Fact Sheet - Oxfam ..." Oxfam Policy & Practice. Accessed June 24, 2024. <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/276312/1/b-inequality-matters-brics-140313-en.pdf?sequence=1&isAllowed%3Dy>.

³⁰Greene, Robert. "The Difficult Realities of the BRICS' Dedollarization Efforts—and the Renminbi's Role - Carnegie Endowment for International Peace." Carnegie Endowment for International Peace, Dec. 5, 2023. <https://carnegieendowment.org/research/2023/12/the-difficult-realities-of-the-brics-dedollarization-effortsand-the-renminbis-role?lang=en>.

³¹"Ignoring Brics Is No Longer an Option for Washington." *The Statesman*, Aug. 21, 2023. <https://www.thestatesman.com/opinion/ignoring-brics-is-no-longer-an-option-for-washington-1503213952.html>.

³²Greene, Robert. "The Difficult Realities of the BRICS' Dedollarization Efforts—and the Renminbi's Role - Carnegie Endowment for International Peace." Carnegie Endowment for International Peace, December 5, 2023. <https://carnegieendowment.org/research/2023/12/the-difficult-realities-of-the-brics-dedollarization-effortsand-the-renminbis-role?lang=en>.

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