

Abstract

Geo-economic competition between the U.S. and China in Southeast Asia : Current status and prospects

Yoo, Hyun-Chung

(Institute for National Security Strategy)

The purpose of this study is to analyze the current status of geoeconomic competition between the U.S. and China in Southeast Asia and predict future developments to derive implications for the Indo-Pacific regional order and implications for the Korean government.

Due to the economic development of Southeast Asian countries and geopolitical factors as a strategic hub, Southeast Asia has become a major stage in the hegemony competition between the U.S.-China powers. Not only the geopolitical confrontation between the U.S. and China over the South China Sea, but also the geoeconomic

confrontation between the U.S. and China has recently intensified in Southeast Asia. For example, the global supply chain is rapidly reorganizing through the U.S.-China trade war and pandemic, and the Biden administration, which was launched in January this year, is focusing on geoeconomic competition called “supply chain competition” as a way to restore leadership in the region and check China. China has been actively developing “vaccine diplomacy” targeting Southeast Asian countries and is expected to expand OBOR capital investment in Southeast Asian countries that need enormous funds for the post-COVID19 economic recovery. Competition between the U.S. and China in Southeast Asia is expected to be more pronounced in the geoeconomic domain in the future, coupled with economic demands from regional countries seeking economic recovery and strategic demands of U.S.-China leadership competition.

First of all, in the trade and trade sector, there is no significant change in the U.S. regional trade and trade strategies over the next year. The Biden administration is expected to focus more on recovering the domestic

economy with worker-centered economic policies rather than global trade agreements such as CPTPP. Ahead of next year's general elections, it is unlikely that both Democratic and Republican parties will actively engage in multilateral trade agreements that could affect the position of their workers.

Rather than huge trade agreements such as trade agreements, regional strategies are expected to be implemented through economic cooperation by sector such as infrastructure and high-tech. The U.S. administration believes that advanced science and technology such as 5G, quantum computing, and high-tech batteries are strategic industries that measure victory or defeat in the hegemony competition with China. Accordingly, U.S. will make efforts to curb China's influence on science and technology. In the infrastructure sector, geoeconomic competition is expected in the soft infrastructure sector such as communication network connectivity rather than hard infrastructure such as roads and railroads. In the high-tech science and technology sector, it will expand its influence in the region by promoting talent training, technology transfer, and

science and technology complex construction.

Amid fierce competition between the U.S. and China to build a nation-centered infrastructure and science and technology supply chain in Southeast Asia, overheating geological competition between the U.S. and China will bring about a major change in regional order. The U.S. and China are likely to force regional countries to choose their own supply chains by rapidly attempting decoupling supply chains in major core industries. The choice of choosing between the two is to increase the political and economic burden on Southeast Asian countries that maintain a neutral non-alliance route. Accordingly, Southeast Asian countries will try to find alternatives other than the U.S.-China. Among them, Japan and the EU could emerge as new major partners.

In preparation for the changing regional economic environment, the Korean government should also respond strategically. First, it is necessary to check our core supply chain and establish a diversified and stable supply chain policy despite uncertainties in the external economy. In addition, efforts should be made to diversify the profit

structure from Southeast Asian countries by steadily supplementing and revising the New Southern Policy Plus promoted by the current government. In addition, in the process of reorganizing the global supply chain, we will have to actively foster the semiconductor sector, which has a comparative advantage, to lead the global semiconductor supply chain.

Keywords

Geological competition between the U.S. and China,
Southeast Asia, the U.S. Innovation & Competition Act,
One Belt One Road Initiative, digital silk road initiative,
CPTPP