Abstract

The US-Japan alliance has remained the keystone relationship in the broader Indo-Pacific security architecture and this bilateral relationship has been the foundation for additional multi- and minilateral institutions like the Quadrilateral Security Dialogue (Quad). As Chinese-led institutions like the Belt and Road Initiative (BRI) create alternatives and competitors, it is worth asking how competition between US-Japan-led institutions and Chinese-led institutions will affect the region. Competition between US-Japan-led institutions and Chinese-led institutions could generate positive externalities as these different institutions compete to provide public goods to the region. The Quad Vaccine Initiative, and China's Belt and Road Vaccine Partnership Initiative are suggestive of this; these two efforts demonstrate how such competition can assist in the production and distribution of vaccines for countries in the Indo-Pacific. Thus, competition between China and the US-Japan “clubs” of organizations may generate positive externalities for the region.
Competition of Provision: How Rivalries between Indo-Pacific Institutions Can Generate Goods for the Region

Introduction

The US-Japan alliance has been a bedrock of the security architecture in Asia since World War II, helping manage regional security concerns throughout the Cold War and beyond. The relationship has developed beyond its original bilateral security focus and has become a foundation for additional regional collaborations. One of the most salient examples is the revived Quadrilateral Security Initiative, or “Quad,” which is in part a response to China’s assertiveness and efforts to develop its own alternative and possibly competitive set of regional institutions like the Belt and Road Initiative (BRI). While the Quad and the BRI vary in scope, scale, and focus, they demonstrate an emerging dynamic in the Indo-Pacific in which both membership in, and activities of, such institutions becomes a means of great power competition. What are the implications of this competition for the region? How might US-Japan-led institutions interact and compete with Chinese-led institutions, and what outcomes can be expected from such competition? This article examines the Quad and the BRI in the context of their COVID-19 responses and vaccine initiatives to argue that competition between such institutions may generate positive externalities in the form of greater goods provision, which could benefit the region.

The US-Japan Alliance and the Quad

The US-Japan alliance is arguably the most important “spoke” in America’s hub-and-spoke bilateral alliance system in East Asia. For decades, the relationship was bilateral and narrowly scoped around security,¹ yet in the past two-and-a-half decades, US-Japan collaboration has strengthened beyond the alliance as Japan has taken a more active role in international affairs through participation in peacekeeping operations and relaxed restrictions on the operational capacity of its Self-Defense Forces through the 2015 Legislation for Peace and Security.²

The broader collaboration is values-based. Japan’s vision of a “Free and Open Indo-Pacific”³

² Ministry of Foreign Affairs, “Japan’s Legislation for Peace and Security” (Ministry of Foreign Affairs, March 2016).
not only aims for better public goods provision and cooperation on issues of environment, trade, and trans-national crime, but is also a clear endorsement of the rules-based liberal international order that many argue is increasingly threatened by the rise of China.⁴ While various multilateral efforts in the region exist, ranging from Association of Southeast Asian Nations (ASEAN) to Asian Pacific Economic Cooperation (APEC), one of the most important ones for US-Japan cooperation and for this values-based cooperation has been the Quadrilateral Security Dialogue, or the “Quad.”

The Quad and the BRI in Context

First emerging when the United States, Australia, India, and Japan cooperated after the 2004 Boxing Day Tsunami, this “diamond of democracies” was formally proposed under Prime Minister Abe in 2007 and revived in 2017 after being dormant for nearly a decade. This revitalization was motivated in large part by shifting relations with an aggressive and assertive China. Despite early optimism about China becoming a responsible stakeholder in international affairs,⁵ perceptions have sobered as President Xi’s envoys and diplomats have aggressively advocated the PRC’s policies and views. This “wolf warrior diplomacy” not only contrasts with lower-profile Chinese diplomacy of the past but has also been accompanied by many more maritime and airspace incidents in the South China Sea and Taiwan straits, ratcheting up security tensions in the region. At the same time, Sino-Indian and Sino-Australian relations have deteriorated in the midst of border disputes and fraught economic relations, all of which have contributed to renewed interest in the Quad.

At the same time, Chinese-led institutions and organizations in the region have proliferated, such as the BRI, the Asian Infrastructure Investment Bank (AIIB), and Regional Comprehensive Economic Partnership (RCEP). The BRI is the signature foreign policy component of President Xi Jinping’s “Chinese Dream.” What began as infrastructure-focused bilateral investments and projects between China and various partners in and around the historic terrestrial and maritime silk roads of antiquity, has developed into a larger vision for a “shared community of humanity.”⁶ With around

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140 participating countries and massive international forums, the BRI has become a very public example of China’s expanded reach and relations. Current estimates of BRI projects range from 248 billion to multiple trillions of USD.\(^7\) It has also expanded in scope to include environmental and health concerns, with the latter efforts dubbed the “health silk road.”\(^8\)

**Institutions and Contestation**

As the Quad and BRI demonstrate, one of the avenues of contestation in the Indo-Pacific is the inclusion and leadership in regional organizations. Quad countries claim that their purposes are not anti-Chinese; nevertheless, the PRC clearly perceives it to be an anti-Chinese arrangement.\(^9\) Foreign Ministry Spokesperson Zhao Lijian claimed that the Quad’s summit in March of 2021 was sowing discord by hyping up a “China threat,” and that such exchanges between countries should not harm “third parties” like China. The US has also opposed the development of many of these Chinese-led organizations. It pressured countries not to join China’s AIIB when it was first proposed\(^10\) and has criticized the BRI for “debt trap diplomacy,” where countries that are unable to service the massive BRI loans often find themselves conceding their resources or even property rights to the PRC. Japan too has criticized the ‘destabilizing’ impact of predatory financing practices in Foreign Ministry white papers and statements from Foreign Minister Hayashi, while continuing efforts to assist in African regional development through the Tokyo International Conference on African Development.\(^11\) While

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‘debt trap diplomacy’ is contested as an empirical phenomena,¹² an oft cited example is Sri Lanka’s recent signing of a ninety-nine-year lease of its Hambantota port to China because it could not afford the billions owed to Chinese construction firms.¹³

A different set of values drives each arrangement. The Quad has always been a “diamond of democracies” and has become a strong supporter of the free and open Indo-Pacific vision while the BRI has become “a new formula of global governance” under President Xi’s vision for a Chinese-led “community of humanity.”¹⁴ Thus, these institutions have started to resemble clubs of like-minded states that are increasingly aligned against one another.¹⁵

**Health Goods Provision: Vaccines**

What should we make of the rise of these institutions and organizations? While the mission and membership of these new regional institutions and organizations illustrate an avenue and means for contestation in the Indo-Pacific, it is possible that the competition between US-led and Chinese-led institutions may benefit the region by creating an incentive to provide goods and services to countries in the region both in the short and long term. The geopolitical rivalry could engender a competition of provision, which is illustrated in the realm of vaccine distribution and cooperation.

On the eve of Vice President Harris’s August 2021 visit to Vietnam during which the United States planned to announce a donation of one million vaccines, China quickly sent an envoy to the country to announce a donation of two million doses, preempting and undercutting the US effort.¹⁶ A similar competition of provision could be observed between the Quad and the BRI. In March of

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¹⁴ Lingliang, “Conceptual Analysis of China’s Belt and Road Initiative,” 517.

2021, the Quad Partnership announced a new Quad Vaccine Initiative in which the four countries would assist in the production, purchase, and distribution of vaccines for the Indo-Pacific region. The United States would help fund the production of one billion doses to the Indo-Pacific by partnering with BioE Ltd in India. Japan and Australia would provide substantial investment into cold-chain capacity and health system development in Southeast Asia and the Indo-Pacific to facilitate “last mile” delivery.¹⁷ As of January 13, 2022, the Quad’s efforts resulted in seventy-nine million doses delivered and $894 million in financial and technical support.

Not to be outdone, China announced its own Initiative for Belt and Road Partnership on COVID-19 Vaccine Cooperation in June of 2021, declaring a goal of 775 million doses or dose concentrate to be distributed in addition to plans for joint vaccine production with nineteen partner countries. PRC state media has claimed delivery of 350 million doses to BRI cosponsors and the ongoing joint production of vaccines with four cosponsors.

Regardless of regional competition, China, the United States, and Japan would certainly show interest in providing vaccines to the region. However, the competition between these institutions likely incentivizes greater commitments of doses as well as long-term development of regional health infrastructure. Improvements in cold storage and last mile delivery from the Quad might occur without such regional competition, but it would likely be at a reduced scale without Japanese and Australian funding. The cross-national coordination—crucial for getting supplies to countries that can quickly absorb and distribute doses—would also likely be hampered without such Quad collaboration. While India was already exporting a large proportion of its Serum Institute vaccines prior to the Quad Vaccine Initiative, its production capacity will drastically expand in the long-term because US funding for BioE Ltd. will further develop its vaccine production capability.

Similarly, BRI vaccine initiative efforts to develop vaccine hubs in the region help develop long-term production capacity in countries like Indonesia, which recently announced its Etana Biotechnologies Indonesia would start producing mRNA vaccines in partnership with Chinese Walvax Biotechnology.¹⁸ While most of the current vaccine co-production seems to relegate foreign manufacturers to just a finishing stage,¹⁹ China has claimed it wants to support Indonesia in


becoming a regional vaccine production center.\textsuperscript{20} Bio Farma—another Indonesian state-owned biotech company that already has vaccine finishing agreements for Sinovac vaccines—also recently signed a memorandum of understanding with US-based Dynavax Technologies to jointly develop another vaccine.\textsuperscript{21}

**Implications and Takeaways**

These developments have several takeaways and implications. First, while the shifts in the regional architecture of institutions and agreements in the Indo-Pacific are both avenues and actors in an increasingly tense region fraught with cross-strait concerns and maritime confrontations in exclusive economic zones, the impact of such competition is more nuanced than a greater risk of escalation or tensions. The US-Japan alliance and Chinese-led organizations both are providing goods to the region—in this case vaccines and other important medical supplies. Japan’s efforts in this regard build on its prior plans to strengthen the regional health infrastructure by introducing Japanese-style health systems to neighboring countries.\textsuperscript{22} This illustrates how these countries can reinforce their authority, status, and credibility.\textsuperscript{23} In the short term, this region stands to gain not only greater overall vaccine access but also the longer-term investments in health infrastructure and greater diversity in the supply and type of vaccines. Given the variable and waning efficacy of vaccines in the face of new variants like the especially infectious Omicron or the even more contagious and difficult to detect BA.2 variant, such supply and diversity of vaccines will be crucial.

\textsuperscript{19} Ardhiya Eduard Yeremia, interview by Rikio Inouye via Zoom, January 11, 2022; Evan Laksmana, interview by Rikio Inouye, January 4, 2022.


\textsuperscript{21} Jibiki and Onishi, “China and U.S. Share Tech in ASEAN for Vaccine Diplomacy Edge.”


Second and in the short term, these regional institutional dynamics may provide greater leverage to countries ‘in the middle’ like Indonesia. Leaders in Indonesia are, of course, acutely aware of how the PRC’s sale of vaccines can create a groundwork for leverage even if the doses are purchased rather than donated. Yet, Professor Ardhitya Eduard Yeremia of Universitas Indonesia notes that the Quad effort both evidence and signal that those Western countries have not retreated from Southeast Asia. They are still in play, giving Indonesia other options to diversify its relationships and supply chains for vaccines.²⁴

Finally, in the longer term, these regional developments raise questions about the extent to which the Indo-Pacific will remain organized by ASEAN and its looser, consensus-based approach or will be organized more along divided US-China lines. The ASEAN and ASEAN-led institutions have historically centered regional coordination efforts; these could be supplemented by newer institutional efforts to fill gaps in goods provision.²⁵ Such a supplementary role could engender greater regional buy-in from other Southeast Asian countries, provided the Quad and BRI initiatives do not challenge the existing centrality of ASEAN. On the other hand, these Quad or BRI initiatives may be seen as more efficient multilateral coalitions than ASEAN, which would shift the institutional balance of power away from ASEAN and might heighten the extent to which participation and membership in regional institutions are binary choices.

Ultimately, while great power competition in the Indo-Pacific is salient and intense, the outcomes generated from this competition are diverse and include opportunities. The growth of regional institutions and initiatives illustrate that Chinese and US-Japan led provision efforts can compete in a productive way, generating greater short-term commitments and long-term investment in health infrastructure development.

²⁵ Evan Laksmana, interview by Rikio Inouye, January 4, 2022.
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