

FOREWORD

ASIA MAIOR IN 2018: CAUGHT BETWEEN TRUMP'S TRADE AND SANCTIONS WAR AND THE INTERNAL PROBLEMS OF INEQUALITY AND EXPLOITATION

The Asia Maior editors, in delineating year after year the historical trends taking shape in Asia, have highlighted with increasing emphasis a phenomenon characterising the current political and economic evolution of that part of the world, and influencing to a greater or lesser extent most Asian countries (as well as others). This phenomenon has two complementary aspects – the rise of China and the decline of the US. In turn, the relationship between these two powers – which increasingly impacts not only Asia but the remainder of the world as well – appears to be conditioned by the pursuit of two main and diametrically opposed objectives. Washington's main objective is to condition China, both by political and military means, in such a way as to maintain its subordinate position in a capitalist world system still dominated by the US. Beijing's strategy is based on the promotion of its own economic growth and the neutralisation of the political and military rings that Washington has been attempting to build around China, while avoiding a direct confrontation with the American superpower. In pursuing this strategy, Beijing's objective is to bide time until China's growth and US decline succeed in overturning the balance of power between the two countries, still heavily in favour of the US.

The decline of US power and the rise of China are two long-term trends which have endured for several decades. The Asia Maior editors and authors have taken care to nuance this picture, showing on the one hand China's many weaknesses and difficulties and, on the other, how US power, although declining, still remains overwhelming, and set to continue in the near and medium term.¹ In fact, in the Foreword to the 2009 Asia Maior issue, the point was made that the decadence and fall of American hegemony were bound to be such a long-drawn affair; that it was «unlikely that anyone who reads these lines today will witness the definitive conclusion of this process».² However, some years later, namely in the Introduction to the 2017 issue, it was also noted that: «if robust and even apparently successful attempts to reverse a long-term decline affecting an imperial power are possible, equally possible – and perhaps more probable – are tempo-

1. For a forceful presentation of this thesis, see Vince Scappatura, 'The US «Pivot to Asia», the China Spectre and the Australian-American Alliance', *The Asia-Pacific Journal*, Vol. 12, Issue 36, No. 3, September 9, 2014.

2. Michelguglielmo Torri, 'Declino e continuità dell'egemonia americana in Asia', *Asia Maior 2009*, p. 29.

rary accelerations of the process of decline, usually brought about less by a quickening of the long-term structural causes of decline than by a failure in leadership».³ In the same Introduction it was argued that that was exactly what appeared to have happened in 2017, during the first year of Donald Trump's presidency. One year later, nothing has happened to disprove the accuracy of that theory.



In order to put in context the significance of the break in US-China relations as represented by Donald Trump's foreign policy, it is necessary to briefly summarise the situation as it was on the eve of Trump's accession to the US presidency. As noted in the Foreword to the previous *Asia Maior* issue, the Obama administration had clearly perceived the problem posed by China's rise and reacted to it through a policy which could be either commended or criticised – the latter being the stand taken by most *Asia Maior* authors – but which, for all its limitations, was a well thought-out and coherent grand policy. As pointed out in that Foreword, it was based on two pillars: the «Pivot to Asia», namely the redeployment of the bulk of US military forces in the Asia-Pacific area, and the TPP (Trans Pacific Partnership), a 12-country free trade agreement.⁴ The TPP aimed at establishing a set of US-decided new rules, which would mould not only any future economic interexchange in the Asia-Pacific but the working itself of the local economies. As argued by Francesca Congiu, among others, in previous *Asia Maior* issues, the *political* aim of the whole exercise was the imposition of these new, US-made rules even on China. In fact, the new pact – from which China was excluded – meant Beijing faced the dilemma of accepting those Washington-dictated rules and entering the TPP, or being excluded from the advantages of trading with those countries included in the TPP.

As soon as Trump began his term as president, he destroyed one of the two pillars of the previous administration's China policy by abandoning the TPP. In spite of the damage caused by Trump's decision, the US foreign policy community, led by newly-appointed Secretary of State Rex Tillerson, tried to elaborate a new, overarching Asia policy, which would take the place of the Obamian Asia policy. In the new Asia policy, the geographical reference area, previously the Asia-Pacific, became the Indo-Pacific. This shift highlighted not only India's increased importance as an international player, but also Washington's hope of finally make India a key component in the

3. Michelguglielmo Torri, 'Asia Maior in 2017: The unravelling of the US foreign policy in Asia and its consequences', *Asia Maior 2017*, p. 8.

4. In 2016 the TPP included Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and the United States.

strategy of encirclement and containment of China.⁵ The new Indo-Pacific strategy was shrouded in the rhetoric of a «free and open Indo-Pacific», based on cooperation, aimed at promoting prosperity in the region and excluding no nation.⁶ However, just like the Obamanian pivot, it was squarely focused on containing China, «not only as a leading global power, but also as a major maritime actor».⁷

This objective, which was already clear in the first statement delineating the new policy, namely the speech on US-India relations, given by Rex Tillerson on 18 October 2017,⁸ was made even more explicit in the National Security Strategy (NSS) released on 18 December 2017,⁹ and in the National Defense Strategy (NDS), whose summary was made public on 19 January 2018 by US Secretary of Defense James Mattis.¹⁰ A few months later, Mattis announced that the US-Pacific Command was being renamed US Indo-Pacific Command (31 May 2018).¹¹ As noted by Jean-Loup Samaan, the renaming of the Asia-Pacific Command was «a symbolic measure that was read in the region as an indicator that the Indo-Pacific strategy was pri-

5. This has been a main foreign policy aim of all US administrations since 2005. See Michelguglielmo Torri, 'Le ambizioni di grande potenza dell'India', *Asia Maior 2005-2006*, pp. 157 ff.

6. As claimed by Vice President Mike Pence in a speech on 16 November 2018. See The White House, *Remarks by Vice President Pence at the 2018 APEC CEO Summit | Port Moresby, Papua New Guinea*, 16 November 2018 (<https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-2018-apec-ceo-summit-port-moresby-papua-new-guinea>).

7. Robert Manning, 'U.S. Indo-Pacific Strategy. Be Careful What You Wish For', *Russia in Global Affairs*, 17 January 2019.

8. 'Defining Our Relationship with India for the Next Century: An Address by U.S. Secretary of State Rex Tillerson', *CSIS – Center for Strategic & International Studies*, 18 October 2017.

9. The White House, *National Security Strategy of the United States of America*, December 2017 (<https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905-2.pdf>).

10. On the 2017 NSS document see Michelguglielmo Torri, 'Asia Maior in 2017: The unravelling of the US foreign policy in Asia and its consequences', *Asia Maior 2017*, p. 15. The National Defense Strategy is a detailed strategy, developed by the Department of Defense «in support of the President's National Security Strategy», whose aim was «to build a more lethal Joint Force and Defense enterprise to deal with national security challenges today and in the future». The NDS document is classified, but its summary was made public on 19 January 2018 and its contents explained by US Secretary of Defense James Mattis the same day. See National Defense Strategy 2018 (<http://nssarchive.us/national-defense-strategy-2018>); National Defense Strategy 2018 Unclassified Summary, (<http://nssarchive.us/wp-content/uploads/2018/01/2018-National-Defense-Strategy-Summary.pdf>); Idrees Ali, 'U.S. military puts «great power competition» at heart of strategy: Mattis', *Reuters*, 19 January 2018.

11. U.S. Department of Defense, *Pacific Command Change Highlights Growing Importance of Indian Ocean Area*, 30 May 2018 (<https://dod.defense.gov/News/Article/Article/1535808/pacific-command-change-highlights-growing-importance-of-indian-ocean-area>).

marily a military enterprise aiming at containing China's expansion» both in the Pacific and Indian Ocean regions.¹²

The new Indo-Pacific policy «could be seen as the culmination of the Obama administration's 'pivot' or 'rebalance'».¹³ The continuity with the previous policy was made clear by the fact that, as pointed out by Mira Rapp-Hooper, «the portion of the U.S. defense budget devoted to the region has remained stable, and planned defense investments suggest that the Pentagon is truly prioritizing competition with China».¹⁴ However, there were some fundamental differences between the Obamian strategy and the new one.

The first was that the new strategy was openly confrontational towards China. This confrontational standing was highlighted and theorised in both the NSS document of 18 December 2017 and the presentation of the NDS by Mattis on 19 January 2018. As stated by Mattis, «great power competition, not terrorism» was now «the primary focus of U.S. national security». In this situation, the challenge to US national security came from China and Russia, namely two «revisionist powers» seeking to establish «a world consistent with their authoritarian models».¹⁵ This new openly confrontational strategy had among its goals that of forcing Asian states to make a clear-cut choice between either Washington or Beijing. In fact, as argued by Jean-Loup Samaan, the «bellicose tone of the administration and the explicit use of Cold War rhetoric in documents such as the National Security Strategy [...] framed the regional environment as a zero-sum game, according to which local states have to position themselves vis-à-vis two distinguishable blocs.»¹⁶

The second fundamental difference between the Obamian strategy and the new one is the lack of an economic dimension, which was at the forefront of the former, being represented by the promotion of the TPP. Obama had not forced the countries bordering the Pacific and Indian Oceans to take sides with or against China. However, well aware of the importance of building the widest possible alliance to contain Beijing, he had enticed these states to side with the US by offering them the prospect of the economic advantages reputedly accessible through the TPP. Once Trump had the US leave the TPP, Washington's economic lever vis-à-vis the Indo-Pacific states was thrown away.

12. Jean-Loup Samaan, 'Confronting the flaws in America's Indo-Pacific strategy', *War on the Rocks*, 11 February 2019.

13. *Ibid.*

14. Mira Rapp-Hooper, 'The Indo-Pacific Vision in Strategic Limbo. A Foreign Policy Case Study for the Trump Era', Ifri Center for Asian Studies (Notes de l'Ifri – Asia.Visions 102), November 2018.

15. Idrees Ali, 'U.S. military puts «great power competition» at heart of strategy: Mattis'.

16. Jean-Loup Samaan, 'Confronting the flaws in America's Indo-Pacific strategy'

Confronted by the loss of the TPP leverage, the US foreign policy community formulated its new Asia policy, being well aware of: (a) the importance of building a wide network of alliances and partnerships, pulling together the states of the Indo-Pacific area; (b) the opportunity to give an economic dimension to the Indo-Pacific policy; and (c) the fact that the attainment of the two previous objectives was complementary.

During the summer of the year under review, the new Secretary of State, Mike Pompeo, announced a set of new economic initiatives aimed at engaging Asian countries. However, quite apart from the fact that the new US economic initiatives were «modest in design and resources»,¹⁷ the whole new US Asian policy – moulded by Tillerson, Mattis and Pompeo himself – was «overshadowed», and *de facto* undermined, by Donald Trump. The president, giving in to his «heterodox instincts», pursued foreign policy goals that were conflicting with many core elements of the official Indo-Pacific strategy.¹⁸

As pointed out in the Foreword to the previous year's Asia Maior issue, Donald Trump's abandonment of the TPP was the first step in a policy based on the idea that multilateral trade organisations and pacts – including those previously promoted by the US – were mere hurdles on the way to the realisation of his «America first» policy. In turn, the «America first» policy was to be implemented by forcing nations with a favourable commercial balance vis-à-vis the US to tilt it towards parity, lest Washington imposed punitive tariffs on the imports from those countries unwilling to comply with the US diktat. This was a kind of declaration of (trade) war not only on China, but on most US formal allies and non-treaty partners in the Indo-Pacific region. Hence this policy could not but make increasingly difficult the existence of that wide alliance, which, in the new Indo-Pacific strategy, exactly as in the Obamian «pivot», was one of its main props.



Although «badly conceived» and «designed to either hurt or alarm even long-term or potential US allies»,¹⁹ Trump's China policy at least appeared to be based on a rational calculation, albeit a mistaken one. No rational calculation, however, not even a mistaken one, seems – at least at first sight – to be at the basis of Trump's Iran policy. As shown by Luciano Zaccara in this and in the previous Asia Maior volume, in 2017 and 2018 the new US president's previously unclear attitude towards Iran gradually became increasingly adversarial, epitomised by a series of progressively tougher public warnings (October 2017, January and March 2018). Finally,

17. *Ibid.*

18. Mira Rapp-Hooper, 'The Indo-Pacific Vision in Strategic Limbo'.

19. Michelguglielmo Torri, 'Asia Maior in 2017: The unravelling of the US foreign policy', p. 11.

on 8 May 2018, Trump officially took the decision to withdraw from the Joint Comprehensive Plan of Action (JCPOA). This was the multilateral agreement on the Iranian nuclear program reached in Vienna on 14 July 2015 between Iran, the five permanent members of the United Nations Security Council (China, France, Russia, United Kingdom, and the United States) plus Germany and the European Union. The decision was followed not only by a wave of direct sanctions on Iran, but also by the imposition of secondary sanctions that, starting on 4 November 2018, were aimed at companies and countries unwilling to break their economic connections with Tehran.

Trump justified his decision arguing that Iran had not conformed to the conditions set in the nuclear deal and that it had remained the «world's leading state sponsor of terrorism».²⁰ Both claims, however, appeared highly dubious and were not accepted by the other JCPOA signatories. According to the International Atomic Energy Agency (IAEA), in fact, Iran had faithfully complied with its JCPOA obligations. Moreover, as far as Iran's attitude towards international terrorism is concerned, there is no gainsaying that Iran had been playing an important part in the struggle against and the victory over the self-styled Islamic State, becoming, as a result, a victim of its terrorist activities.

Trump's decision to withdraw the US from the JCPOA had the purported goal of forcing Tehran to accept a «better» nuclear deal, where «better» stands for a deal dictated by Washington. Also, as declared by Secretary of State Mike Pompeo on 5 November 2018: «The Iranian regime has a choice: It can either do a 180-degree turn from its outlaw course of action and act like a normal country, or it can see its economy crumble».²¹ Where, of course, acting like «a normal country» meant behaving as an obedient third world vassal state of the American superpower. Ultimately, however, these (arrogant) declarations were only a smokescreen, crudely concealing Trump's real objective: regime change in Iran.

If the trade war against most Indo-Pacific countries had had the net result of isolating the US in most of Asia, the sanctions war on Iran had the same outcome in relation to most of the world, particularly Europe. The European signatories of the JCPOA announced the creation of a Special Purpose Vehicle (SVP) to screen their own companies from US secondary sanctions, making possible the continuation of the deal. For its part – as pointed out by Michelguglielmo Torri in this same volume – India, a main oil importer from Iran, put in place a financial mechanism to pay for its Iranian imports, which was beyond the reach of US secondary sanctions.

Diplomatic isolation, however, did not dissuade Trump from doggedly

20. U.S. Department of State, *Countering Iran's Global Terrorism*, 13 November 2018 (<https://www.state.gov/countering-irans-global-terrorism>).

21. Ishaan Tharoor, 'Why Trump's Iran strategy will backfire', *The Washington Post*, 6 November 2018.

continuing along the confrontational anti-Iran path that he had taken. The announced objective to reduce Iranian oil exports to zero was not reached in the year under review. However, the European promise to create an SVP did not translate into anything tangible, which caused many important companies to give up their Iranian operations. Therefore, although unable to achieve its ambition of bringing Iranian oil exports to zero, US sanctions caused their drastic diminution. This badly impacted on the Iranian economy which – as pointed out by Luciano Zaccara in this and previous Asia Maior issues – was in a difficult situation even before the renewal of the US sanctions.

In the year under review, the net (political) result of Trump's anti-Iranian policy was the weakening of the (moderate) Rouhani administration and the strengthening of the most conservative and hard-line anti-American forces. A rather paradoxical result, unless, of course, Trump's real ultimate goal was the creation of a scenario legitimating war against Iran. This, on the other hand, was an objective openly avowed by John Bolton, the man whom Trump named as his new security advisor on 9 April 2018. That same objective – making war on Iran – was eagerly pursued by Israel and Saudi Arabia, the only two states siding with the US on the Iranian question.



The confrontational stand that appears to be Trump's trademark in his foreign policy had been present also in his transactions with North Korea during his first year in office. As pointed out by Marco Milani in this Asia Maior issue, relations between the US and North Korea in 2017 were characterised by a very dangerous escalation of tension. However, things changed spectacularly in the year under review, when, mainly as a result of South Korean President Moon Jae-in's mediation, for the first time in history a sitting American president met with a North Korean leader (Singapore, 12 June 2018). The meeting was characterised by a high degree of cordiality, and the concluding communique indicated that «the DPRK [Democratic People's Republic of Korea] commits to work toward complete denuclearization of the Korean Peninsula.»²²

President Trump, who, as Marco Milani reports, «immediately tweeted that North Korea was no longer a nuclear threat», presented the meeting and its results as an undeniable and resounding personal triumph. However, the Singapore meeting could not but be just the opening move in a complex negotiation designed to tackle and resolve the political dif-

22. The White House, *Joint Statement of President Donald J. Trump of the United States of America and Chairman Kim Jong Un of the Democratic People's Republic of Korea at the Singapore Summit*, 12 June 2018 (<https://www.whitehouse.gov/briefings-statements/joint-statement-president-donald-j-trump-united-states-america-chairman-kim-jong-un-democratic-peoples-republic-korea-singapore-summit>).

ferences between Washington and Pyongyang. These included not only the problem of the denuclearisation of North Korea, but the denuclearisation of the whole peninsula, the conclusion of a peace treaty between the US and the DPRK and the cessation of American sanctions. In other words, the Singapore meeting was the opening move in a process that would replicate the one carried out by the Obama administration with Iran, which had concluded with the JPCOA. The same JPCOA that Trump was then publicly threatening to unilaterally and unreasonably terminate and which he indeed succeeded in so doing a few months later. Accordingly, again as pointed out by Marco Milani, the fact that the negotiations between the US and the DPRK in the ensuing months rapidly reached a stalemate should not come as a great surprise. Clearly Kim Jong Un, in agreeing to meet Trump in Singapore, was in search of international legitimisation which he reaped in full. But the little trust that was to be invested in any agreement with the US must have been clear to Kim Jong Un as to anybody else endowed with even a bare modicum of common sense. Trump himself – even while negotiations with the DPRK were ongoing – had made clear the flimsiness of US guarantees, by his threats to put an end to the nuclear agreement with Iran. Therefore the hope that Kim would really give up the North Korean nuclear arsenal – namely his only life insurance and guarantee to remain in power – in exchange for US pledges, written on water, was simply a pipe dream.



As shown by Barbara Onnis in this *Asia Maior* issue, in 2018 China reacted to the Trumpian challenge in its usual cautious but steady way. Beijing actively consolidated its international role, hosting three major global events and playing a central role in the peace process taking place on the Korean peninsula. Also – as explained by Onnis – Beijing continued to increase its engagement with the EU countries. In so doing, it took advantage of the weakness of the EU itself, due not only to Brexit but also to the attitude of the US, aimed at undermining European unification.²³ Beijing built on the pre-existing flourishing economic interconnection between China and the EU, characterised by the boom of Chinese investment in Europe, which, since 2014, has become progressively much higher than European investment in China.²⁴ Also, while proactively pursuing the implementation of its Belt and Road Initiative (BRI), Beijing looked forward to filling the political void created by the withdrawal of the US from international insti-

23. 'Amid the Trumpian Chaos, Europe Sees a Strategy: Divide and Conquer', *The New York Times*, 13 July 2018; 'Trump wants to 'DESTROY and divide Europe' warns Francois Hollande', *Express*, 18 July 2018.

24. E.g. Thilo Hanemann & Mikko Huotari, 'Chinese FDI in Europe in 2017. Rapid recovery after initial slowdown', *Mercator Institute for China Studies*, 17 April 2018.

tutes such as the Geneva-based UN Human Rights Council and the UN's cultural arm, UNESCO.²⁵

All in all, even in 2018 it remained true that Trump's foreign policy only facilitated the continuing rise of China. However, there was no continuity in the response of the two other major Asian countries – Japan and India – to Trump's policy. As noted in the Foreword to the 2017 Asia Maior volume, the «disorder under the heaven» caused in Asia by the new US foreign policy, «allowed – or, rather, forced upon – other major Asian countries, namely Japan and India, an increasingly proactive role in the attempted containment of China».²⁶ In 2018, however, both Tokyo and New Delhi, as a consequence of the increasingly negative impact of Trump's policy on their own national interests, began a cautious reorientation of their respective foreign policies, guardedly distancing themselves from the US and prudently and gradually moving from China containment to China engagement.

As Giulio Pugliese and Sebastian Maslow explain in their essay in this volume, Japanese businesses were worried about the repercussions deriving from a US-China trade war and Trump's policies aimed at reshoring supply and assembly industrial lines back into the United States to help domestic manufacturers. As a consequence, to offset the economic risks created by the protectionist Trump administration, the Japanese government signed a series of major trade deals in 2017 and 2018²⁷ and agreed to finalise negotiations for a Regional and Comprehensive Economic Partnership (RCEP), which included China. In spite of the unresolved tensions between Japan and China, during 2018 Beijing softened its stance towards Japan and, in April 2018, restarted the Japan-China Economic Dialogue.

A similar evolution occurred with India's position. As pointed out by Michelguglielmo Torri in his article on Indian foreign policy in this volume, India was negatively affected by the US sanctions against Iran and Russia. The risk was that Washington would impose secondary sanctions on New Delhi if it failed to cut its economic connections with Tehran and Moscow. This put New Delhi in a bind, as Tehran was a main oil supplier and Moscow a most important weapon provider. Also, India's economic interests were threatened by the imposition of US tariffs on steel and aluminium, and by the menace of further US provisions diminishing both the access of India's goods to the American market and the opportunity for Indian professionals to work in the US.

The increasing difficulties characterising the India-US connection led to a readjustment of India's China policy, which resulted in a distinct

25. 'China starts to assert its world view at UN as influence grows', *The Guardian*, 24 September 2018.

26. Michelguglielmo Torri, 'Asia Maior in 2017: The unravelling of the US foreign policy', p. 9.

27. In 2017 and 2018 Japan signed economic partnership agreements (EPAs) with 14 countries, plus ASEAN and the EU.

thawing of relations between the two Asian giants. Also, US pressure on the Asian countries resulted in the heightened relevance of regional alliances and multilateral ententes, such as the Shanghai Cooperation Organisation (SCO) and the Russia-India-China entente (RIC), which being *de facto* in competition with the Washington-dominated world order, served as a shield against the brutal exhibition of US power.



Other examples of the reaction to Trump's policy in Asia are represented by the responses of South Korea, Vietnam, Thailand, Pakistan and Taiwan.

As pointed out by Marco Milani, relations between Seoul and Washington were affected both by US insistence on reviewing the free trade agreement between the two countries (KORUS) which entered into force in 2012, and on asking that South Korea contributed a higher share of the costs of the US military presence in the country. As if this were not enough, relations between the two allies became tense because of the disagreement on the denuclearisation strategy. Despite Trump's flashy summit with Kim Jong Un, and notwithstanding Seoul's recognition of Washington's essential role in containing the nuclear threat from North Korea, Seoul's irritation at the lack of any further progress by the US towards the relaxation of the sanctions regime became evident.

Vietnam also had to redefine its partnerships, in response to US policies. In the last ten years Hanoi has been strengthening its commercial partnership and military collaboration with the US, as part of its anti-Chinese positioning. However, as explained by Nicola Mocci in his article on Vietnam in this Asia Maior issue, the Hanoi government, in a startling departure from its recent policy, accepted Beijing's project aimed at reinvigorating the cross-border economic cooperation between Vietnam and China. The imposition of US tariffs on Chinese goods, in fact, pushed Chinese companies, in particular low value-added ones, to relocate in areas close to the Vietnamese border. This process was facilitated by the «Two Corridors and One Circle» project, begun in 2007 but completed and revitalised in 2018, aimed at realising a free trade cross-border economic cooperation area. In this way, even Hanoi, which had never accepted its inclusion in the BRI, became officially part of the Chinese initiative.

Similar developments took place in Thailand. In his essay in this Asia Maior issue, Pietro Masina focuses on the Junta's difficult attempt to maintain a balance between military cooperation with the US and commercial partnership with China.

As far as Pakistan is concerned, Marco Corsi explains that the Trump administration's announcement of the suspension of US\$ 900 million military aid, due to the allegedly ineffective support provided by the country in combating militants in Afghanistan, translated into a closer China-Pakistan relationship. This was the end result of a series of frictions that in the last ten years

have led Pakistan to a radical shift in its foreign policy. This is no longer based on the western axis, but on its military and commercial alliance with China.

Finally, the annoyance and concerns raised in Taiwan by Trump's protectionist measures must be highlighted. As pointed out by Aurelio Insa in this volume, no doubt, Sino-American strategic competition contributed to a noticeable strengthening of Taiwan's relations with the US, especially its security dimension. Taipei, however, was put under pressure by the Trump administration, due to its trade surplus with Washington and, even after repeated pleas, the Tsai administration was unable to obtain an exemption from the US steel and aluminium tariffs imposed in March 2018.



Excluding the case of Malaysian Prime Minister Mahathir Mohamad, who preferred to break free from too tight an embrace with China, in the year under review the Trump-promoted anti-China strategy did not reap any great success. Rather, it encouraged the signing of several free trade agreements (FTA) which involved many Asian countries and excluded the US.

Japan and Vietnam signed their biggest free trade deal with the EU (EVFTA).²⁸ Even more important, under the leadership of Japan the 11 Asia-Pacific countries which, together with the US, had been part of the TPP, resuscitated it by signing, in the absence of the US, what was called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).²⁹ Several other countries were also expected to join the CPTPP. South Korea, which had not been one of the CPTPP original signatories, decided to join the pact, waiting only for the opportune moment to do so.³⁰ Indonesia, Thailand, and even the United Kingdom expressed interest in joining the accord.³¹ Funnily enough, even President Trump, strongly encouraged by Japan, on several occasions suggested interest in joining the CPTPP.³²

Again as mentioned above, in 2018 Asian countries accelerated negotiations for the Regional Comprehensive Economic Partnership

28. In August 2018, the EU and Vietnam agreed on final texts for the EU-Vietnam trade and investment agreements. The agreements have been formally approved by the European Commission and need to be agreed upon by the Council and the European Parliament before they can enter into force. The EU and Japan's Economic Partnership Agreement was signed on 17 July 2018 and will enter into force on 1 February 2019.

29. This agreement was signed on 8 March 2018 in Chile and is expected to come into effect in 2019, once ratified by at least six of the 11 member countries. The 11 countries are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

30. 'S. Korea Decides to Join CPTPP', *BusinessKorea*, 16 August 2018.

31. 'Indonesia making preparations to join TPP', *Nikkei*, 12 June 2018; 'Thailand preparing CPTPP application', *Bangkok Post*, 2 March 2019.

32. Robert Manning, 'U.S. Indo-Pacific Strategy. Be Careful What You Wish For'.

(RCEP). This is a trade agreement that includes the ten members of the Association of Southeast Asian Nations (ASEAN) and six of ASEAN's dialogue partners (Australia, China, India, Japan, South Korea, and New Zealand). Since 2013, RCEP negotiations have involved several rounds of meetings, but debate has persisted, as India remains concerned over its growing trade deficit with China and wants other countries to open up their service sectors in exchange for further trade liberalisation.



In 2018, in spite of the adverse impact of the commercial war between the US and China, Asia still remained the world's most dynamic region, propelled not only by the seemingly impressive Indian growth, but, more generally, by the burgeoning economy of the South Asian and Southeast Asian countries. In the year under review, in fact, this part of Asia produced more than one-third of manufactured goods,³³ attracted more Foreign Direct Investments than any other developing region,³⁴ and recorded the highest increase in trade (+8.1).³⁵

Having said this, particular attention has been given in this issue to China's and India's growth, the former on a lower although still remarkable positive trend, the latter impetuously on the ascent, at least apparently.

For the first time since 1990, the Chinese growth rate in 2018, 6.6%, was the lowest in 28 years. This was mainly due to several factors, some of which are outside the control of China's policymakers. These factors were: flight of capital and relocation of Chinese companies abroad, which restricted local investments; a rapidly ageing population due to the falling birth rate; quantitative tightening, applied by the US Federal Reserve; and the slowing of the global economy. As Francesca Congiu points out in her article on Chinese domestic policies, this resulted in the rise of unemployment and social inequalities, bringing about a heightened risk of social conflict.

This being the situation, investment in the Belt and Road Initiative (BRI) was not enough to sustain growth; hence, to tackle the effects of the worsening economic situation, the party-state launched two main strategies. The first was a profound institutional reorganisation, aimed at making the bureaucratic machine more efficient and at the same time favouring pro-market structural reforms. The second was the strengthening of propaganda and social control, aimed above all at mitigating dissent and propping up the legitimacy of the party-state, under threat by widespread workers' protests.

33. Elaborated by the authors on the basis of the data in UNIDO, *Statistical Indicators of Inclusive and Sustainable Industrialization, Biennial Progress Report 2019*.

34. According to the UNCTAD's *World Investment Report 2018*, in spite of a large reduction of global foreign direct investment (FDI) flows (23%), those to developing Asia remained stable, which made it the largest FDI recipient in the world. See, p. 9.

35. World Trade Statistical Review 2018, p. 10.

Contrary to what was happening in China, the economic situation in India was on a positive trend. Indeed, according to official data, in 2018 the Indian economy was the fastest growing among the major world economies. However, as pointed out by Michelguglielmo Torri and Diego Maiorano in their joint contribution in this *Asia Maior* issue, the economic data produced by the Indian government has been questioned by many economists and conflicts with the situation on the ground. This appeared decidedly less rosy than what was to be expected from a growth rate of more than 7%. Economic uncertainty dovetailed with the worsening of the democratic climate in the country: institutions were steadily and systematically eroded; freedom of expression constrained and dissenting voices silenced, in at least one case through murder. In many other cases silence was achieved through arrests of dubious legality. The lynching of people mostly belonging to minorities, generally on unsubstantiated charges of consuming or trading beef, assumed the dimension of an epidemic.



In spite of Trump's trade and sanctions war on Asia, in 2018 the Asian economies continued to grow – although, as exemplified in the case of India, maybe less rapidly than that conveyed by the official macroeconomic data. However, social conditions were not as positive as they should have been. This was apparent in the case of the FTAs. While FTAs allegedly offered great opportunities as far as the expansion of international trade is concerned, they tended to readjust downwards the protection systems of workers in the countries involved. This development is alluded to in Nicola Mocchi's article on Vietnam in this *Asia Maior* issue. The same problem is discussed by Chang Dae-oup, who argues that, although Asia is increasingly integrated into global capitalism, throughout this region unwaged workers and workers in informal employment are increasing in number.³⁶ These workers lack legal, institutional and, most of all, union protection. The reasons for this situation are several, and their analysis is beyond the scope of this Foreword. Here it suffices to emphasise that, as emerges from some essays in this volume and the most recent literature on the topic, FTAs risk limiting the progress of workers' rights. In fact, FTAs do not impose effective limits on labour exploitation, generally shielding international investors from local labour legislation. This, of course, consolidates a situation that, as far as labour is concerned, is critical in its own right.³⁷

36. Dae-oup Chang, 'From Global Factory to Continent of Labour. Labour and Development in Asia', *Asian Labour Review*, Vol. 1, 2015, pp. 1-48.

37. On these problems see James Harrison, Mirela Barbu, Liam Campling, Ben Richardson, & Adrian Smith, 'Governing Labour Standards through Free Trade Agreements: Limits of the European Union's Trade and Sustainable Development Chapters', *Journal of Common Market Studies*, 2018, pp. 1-18; Daniela Sicurelli, 'The EU as a Pro-

More generally, if one takes into account social conditions in Asia, different criticalities, particularly inequality in income, are evident. While Taiwan, Japan and South Korea policies have been very successful in promoting social equality, as shown by the fact that those countries have reached their lowest Gini indexes (0.33 in 2014 in the case of Taiwan; 0.34 and 0.35 in 2015 in the case of Japan and South Korea respectively),³⁸ the situation of most other Asian nations is starkly different. The World Inequality Report 2018 – produced by the World Inequality Lab, a research centre at the Paris School of Economics – states that income inequality has increased rapidly in North America and Asia (despite China growth) since 1980.³⁹ According to the last Inclusive Development Index 2018, China comes last in terms of income equality (with a Gini index of 51%, some 20 points below the peer group average).⁴⁰ In India, the inequality was even worse, according to an Oxfam report released in 2018.⁴¹

In this same Oxfam report, there are some worrying data related to Indonesia. Despite a remarkable reduction in poverty since 2012, from approximately 50% of the population to 33% today, wealth remains highly concentrated (Gini index 84%). Also, income disparity is almost as severe (62nd) and has deepened since 2012.⁴²

Finally, it is worth recalling that, in Asia, 1.3 billion people – or 68.2% of the employed population in Asia-Pacific – are part of the so-called informal economy, namely those economic activities, enterprises, jobs and workers that are not regulated by the state or protected by trade

motor of Human Rights in Bilateral Trade Agreements: The Case of the Negotiations with Vietnam', *Journal of Contemporary European Research*, 11, 2, 2015, pp. 230-245; Kevin Kolben, 'A New Model for Trade and Labour? The Trans-Pacific Partnership's Labour Chapter and Beyond', *New York University Journal of International Law and Politics* (JILP), 49, 4, 2017, pp. 1063-1104; Madelaine Moore & Christoph Scherrer, 'Conditional or Promotional Trade Agreements – Is Enforcement Possible? How International Labour Standards Can Be Enforced through US and EU Social Chapters', Singapore: Friedrich-Ebert-Stiftung Office for Regional Cooperation in Asia, 2017.

38. For Japan and South Korea's Gini indexes see OECD Data, *Income inequality* (<https://data.oecd.org/inequality/income-inequality.htm>). For Taiwan, see Central Intelligence Agency, *The World Factbook* (<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2172rank.html>). The Gini index was developed in 1912 by Italian sociologist and statistician Corrado Gini. It measures wealth distribution within societies: its value ranges from 0 (or 0%) to 1 (or 100%), with the former representing perfect equality (wealth distributed evenly) and the latter representing perfect inequality (wealth held in few hands).

39. Facundo Alvaredo, Lucas Chancel, Thomas Piketty, Emmanuel Saez & Gabriel Zucman (eds.), *World inequality report 2018*, Harvard: Harvard University Press, 2018.

40. For this report the World Economic Forum (WEF) gathered data from the World Bank, the Organisation for Economic Co-operation and Development among other sources. World Economic Forum (WEF), *The Inclusive Development Index 2018*, p. 9.

41. Oxfam India, *Widening Gaps. India inequality report 2018*, p. 6.

42. *Ibid.*, p. 6.

unions.⁴³ Almost all agricultural employment (94.7%) is informal in the region, and it reaches a peak of 99.3% in Southern Asia. In South Asia and Southeast Asia, employed women are more likely to engage in informal work than men. Informality is also prevalent among the young population aged 15-24, with 86.3% of young workers in informal employment compared with 67.1% of adult workers (25+). The higher the education level, the higher the chance to obtain formal employment; 31% of tertiary-educated workers are in formal employment compared to 90% of workers with primary-only education who are in informal employment.⁴⁴



Summing up, Asia Maior in 2018 offers the image of a region placed under «maximum pressure» by Donald Trump's policies, both the trade war on China and other main Asian economies, and the sanctions war on Iran. This «maximum pressure» has had the unforeseen result of pulling together nations such as China on one side and India and Japan on the other; which, up to the previous year, appeared on a collision course. Also, it is clear that under this pressure – and in spite of the slowing down of China's economy and the spurious data signalling an exceptional Indian growth – the Asian economies appear to be on a path of steady growth, indeed the strongest one worldwide. Nevertheless, this steady growth – hitherto unhindered or scarcely so by Trumpian policies – badly conceals a high degree of inequality and exploitation. In turn inequality and exploitation may result in heightened social conflict, which could threaten the grasp on power of the ruling élites. They are responding with a series of complex policies, that vary radically from one country to another, going from institutional reorganisation and the strengthening of propaganda and social control, as in the case of China, to the deployment of Fascist-like, religion-grounded ideologies, as in the case of India.

No doubt, at the end of the day – and as shown in this volume – Asia Maior appears to be a «polytropos» region, namely a «much-wandering» region, able to «turn many ways». What these ways will actually be will be the result of two different, although somewhat interlocked struggles. One is the challenge counterpoising America's fading imperial power to the Asian ruling élites; the other is the confrontation between these same élites and their own peoples.

Michelguglielmo Torri & Nicola Mocchi

43. International Labour Organisation, *Women and men in the informal economy: A statistical picture. Third edition*, 30 April 2018. It is worth noting that ILO in the Asia Pacific region includes 36 countries, from Afghanistan to the Pacific Islands and from Mongolia to New Zealand and Australia.

44. *Ibid.*, passim.

