

NOVEMBER 2020



上海國際問題研究院
SHANGHAI INSTITUTES FOR INTERNATIONAL STUDIES

THE US INITIATIVES IN RESPONSE TO CHINA'S BRI

Policies, Impacts and Prospects

Project Director

Chen Dongxiao

Contributing Authors

Niu Haibin

Zhou Shixin

Zhu Ming

Translator

Li Xin

About SIIS

Founded in 1960, the Shanghai Institutes for International Studies(SIIS) is a government-affiliated high-caliber think tank dedicated to informing government decision-making by conducting policy-oriented studies in world politics, economics, foreign policy, and international security. SIIS maintains intensive and extensive exchanges and cooperation with research institutions at home and abroad, bolstering China's international influence and soft power.

SIIS boasts an authorized size of 106 full-time research fellows and staff, including 60% senior fellows. SIIS was ranked one of the top ten Chinese think tanks In 2006, and one of the top ten global think tanks (non-American) in 2008. SIIS comprises seven institutes and six research centers, namely, the institute for global governance studies, the institute for foreign policy studies, the institute for world economic studies, the institute for international strategic studies, the institute for comparative politics and public policy, the institute for Taiwan, Hong Kong& Macao Studies, the institute for data processing and studies, the center for American studies, the center for Asia-Pacific Studies, the center for Russian and Central Asian Studies, the center for West Asia and Africa studies, the center for European studies, and the center for maritime and polar studies. In addition, SIIS is an institutional member of the Shanghai International Strategic Studies Association and the Shanghai International Relations Association.

Global Review (bimonthly, Chinese) and the China Quarterly of International Strategic Studies are the two flagship journals of SIIS and have become a prestigious academic platform for domestic and international scholarship.

© 2020 by Shanghai Institutes for International Studies. All rights reserved.

Shanghai Institutes for International Studies
195-15 Tianlin Road, Xuhui,
Shanghai, PR.China
021-54614900|www.siis.org.cn

Project Director

Chen Dongxiao, President of Shanghai Institutes for International Studies

Contributing Authors

Niu Haibin, Ph.D., Deputy Director of the Institute for Foreign Policy Studies

Zhou Shixin, Ph.D. Senior fellow of the Institute for Foreign Policy Studies

Zhu Ming, Ph.D., Associate Fellow of the Institute of Global Governance

Translator

Li Xin, Senior fellow, Shanghai Institutes for International Studies

Summary

In light of the national security significance, the Trump administration has launched a package of economic initiatives that aim to strengthen US cooperation with three key regions, namely Asia Pacific, Africa and Latin America, by means of domestic legislation and institutional arrangement. This strategy of enhancing ties with the developing regions is deemed as a continuation of such momentum since Obama's second term, as well as a targeted response to China's Belt & Road Initiative (BRI).

As a major adjustment in the US policy for international development cooperation, the three initiatives reflect the Trump administration's new approaches in response to changes of world order and the U.S. power. Firstly, the American version of economic initiatives are crafted to serve the US strategic needs in great power competitions, which were listed as the top security threat in the 2017 National Security Strategy of the United States of America (NSS), with competing against other players for influence in the developing regions as a crucial policy tool. Secondly, these initiatives attempt to counterbalance China's Belt & Road Initiative (BRI), and aim to achieve a substitution effect through "fair competition" with China in the development model. In the United States Strategic Approach to the People's Republic of China published in May 2020, the Trump administration specified for the first time three major initiatives as regional strategies to advance economic competitions with China, i.e. Prosper Africa, Growth in the Americas and Asia EDGE (Enhancing Development and Growth through Energy). Upholding a whole-of-government approach, the US initiatives strive to create a favorable environment for active involvement of the American enterprises in developing regions through governmental coordination and fund allocation. Thirdly, the initiatives commit to facilitate good governance and improve policy environment of the US trading partners, so as to boost confidence of the American private capitals in the investment climate in the partner countries. Fourthly, the initiatives prioritize development programs in key areas of energy, infrastructure and information technologies in particular. Lastly, the initiatives place ideologies and values as principal criteria for development cooperation, based on which the shortlist of partner countries is determined.

With regard to the abovementioned initiatives of the Trump administration, a majority of regional countries hold a cautious attitude. On the one hand, they welcome America's renewed focus on international development cooperation, and value the incremental resources, alternative choice and global attention that the plans bring along to the regions. On the other hand, reluctant to fall prey to the US-initiated

geopolitical competitions and trade protectionism, the regional states voice concerns over such components as “great power competition” and “America First”, worrying that their right to international development cooperation on independent terms might be harmed. What’s more, the American initiatives, confining cooperation to ideology and values, have cast visible impacts on those regions’ political solidarity and multilateral economic agendas, which may lead to further fragmentation in these developing regions.

In sum, given the aforementioned regional anticipations and concerns, the report recommends that the US economic initiatives water down the strategic narratives of ideology and great power competition, conform to the intrinsic rules for international development cooperation, respect the economic autonomy of the partner countries, act up to the principles of openness, equality and mutual benefit, and collaboratively work toward sustainable development, which is indeed the right path to go.

Since the 2017 National Security Strategy of the United States of America (NSS) positioned the U.S. in “a competitive world,” the Trump administration has stepped up its fight with China for influence in the developing countries. The United States Strategic Approach to the People’s Republic of China published in May 2020, for the first time, put in line three initiatives of Prosper Africa, Asia EDGE and Growth in the Americas as important regional strategies to implement economic competitions with China. Investing strengthened governmental coordination and support, these major economic initiatives take on a flavor of the US version of the Belt & Road Initiative (BRI).¹ Based on case studies in the three aforementioned regions, this report attempts to analyze the policies, impacts and prospects of the US version of the BRI.

Prosper Africa Initiative

I. Policy and Progress

In December 2018, aiming to keep up with other major powers in the region, the Trump administration published a new strategy toward Africa to update Obama’s Africa policy. Applying assorted tactics, the new strategy sets the “priority countries”, no longer tolerates “aid ineffectiveness” and emphasizes only those African states that meet relevant conditions receive the US aid.² At the US-Africa Business Summit in June 2019, the Prosper Africa initiative was officially announced by the US Commerce Deputy Secretary Kelley in Maputo, Mozambique. Stressing a whole-of-government approach to promote US-Africa commercial ties, Prosper Africa aspires to double the scale of two-way trade and investment between the United States and Africa in the next five years. Though private enterprises remain the key actors in commercial activities, the initiative commits to a more active governmental role, namely to provide all-round service for American enterprises to expand markets in Africa.³ The United States is also trying to seize the huge opportunities of rapid economic growth in African countries by strengthening bilateral economic and trade relations. By 2030, Africa will account for one-fifth of the world’s consumption market. The United States is seeking to create more lucrative jobs at home and boost US economic growth. Improving trade and investment relations between the United States and Africa will help America achieve such goals.⁴

As a primary policy tool, the newly-established US International Development Finance Corporation (DFC) combines the functions of Overseas Private Investment Corporation (OPIC) and Development Credit Authority of the US Agency for International Development (USAID). With these new financial arrangements, private capital is expected to be introduced into the developing countries with more

¹<https://www.whitehouse.gov/wp-content/uploads/2020/05/U.S.-Strategic-Approach-to-The-Peoples-Republic-of-China-Report-5.20.20.pdf>

²Liu Zhongwei, “Meiguo telangpu zhengfu feizhou zhengce de tedian, neirong yu zouxiang [Trump administration’s Africa policy: features, contents and trend],” *Dangdai shijie* [Contemporary World], No. 6 (2020), 54.

³Zhang Kai, “Fanrong feizhou changyi nengshi feizhou zouxiang fanrongma? [Will Prosper Africa initiative generate prosperity in Africa?],” *Zhongguo touzi* [China Investment], No. 14 (2019), 22.

⁴Office of the United States Trade Representative, 2020 Trade Policy Agenda and 2019 Annual Report of the President of the United States on the Trade Agreements Program (Washington, DC: USTR, 2020), 16-17.

convenience. According to the Better Utilization of Investment Leading to Development (BUILD Act), DFC can provide loans, own shares, provide insurance and technical support for private companies, manage special projects, establish corporate funds and offer a variety of services, etc.⁵ On the one hand, with a larger capital pool, DFC facilitates project financing and helps attract more private capital. On the other hand, DFC's risk-resistance competence can help implement projects in some African countries with poor infrastructure.⁶

In accordance with data from the US Department of Commerce, since the initiative was raised, more than 180 US companies and foreign investors have facilitated deals that amount to US\$10.7 billion. America has also led the signing of memorandums of understanding with the governments of Côte d'Ivoire, Ethiopia, Ghana and Kenya etc., six in total, promising to promote bilateral trade and investment, while attempting to negotiate free trade agreements with African partners.⁷ The US government's investment in Africa has also stimulated the enthusiasm of American companies. For example, among the completed projects of the Power Africa initiative, every US dollar invested by the government can drive the private sector to invest US\$50-100. According to data of Power Africa Annual Report 2018, half of the 145 private sector partners in the Power Africa are American companies.⁸

II. Regional Impacts

A. Seeking US Support of the African Integration

At the opening ceremony of the 2019 African Growth and Opportunity Act (AGOA) Forum in Côte d'Ivoire, the African Union and the United States signed a joint statement concerning the development of the African Continental Free Trade Area (AfCFTA). The statement confirms the common goal to deepen trade and investment ties and that the US commits to support regional integration with sustained assistance to Africa. In February 2020, Kenya and the US jointly announced their intent to initiate negotiations on a Free Trade Area (FTA) Agreement, which is expected to be the first bilateral trade agreement concluded between a sub-Saharan African country and the US, as well as Kenya's first trade agreement with a developed economy.

B. Concerns over America First vs. Prosper Africa

When Prosper Africa conflicts with America First, the African countries often encounter the pressure of US trade war. The East African Community (EAC) decided to start phasing out importation of second-hand clothes from the US by the end of

⁵Chen Fei, "Meiguo guoji fazhan jinrong gongsi de jianli jiqidui yidaiyilu changyi de tiaozhan [The US International Development Finance Corporation: challenges to the Belt & Road Initiative]," *Jiangnan shehui xueyuan xuebao* [Journal of Jiangnan Social Science Academy], No. 2 (2019), 26-27.

⁶Ma Hanzhi, "Meiguo dianli feizhou changyi xinjinzhan [The US initiative of Power Africa: new progress]," *Guoji yanjiu cankao* [Reference for International Studies], No.5 (2020), 46.

⁷International Trade Administration, "Press Release: The U.S. Department of Commerce Celebrates First Anniversary of Trump Administration's Prosper Africa Initiative", June 25, 2020. <https://www.trade.gov/press-release/us-department-commerce-celebrates-first-anniversary-trump-administrations-prosper>

⁸Ma Hanzhi, "Meiguo dianli feizhou changyi xinjinzhan [The US initiative of Power Africa: new progress]," *Guoji yanjiu cankao* [Reference for International Studies], No.5 (2020), 47-48.

2019. In response to the EAC decision, the US Secondary Materials and Recycled Textiles Association argued that the ban had violated the Africa Growth Opportunity Act (AGOA), which allows the EAC members to export goods to the US without paying tariffs. Hence the American side requested countries that benefit from AGOA must work to remove trade and investment barriers for the US goods. Accordingly, the US Government announced in 2018 that Rwanda be removed from the AGOA beneficiaries list for 60 days until the latter lowered its tariff barriers. Under the pressure of the US tariff war, Kenya, Tanzania and Uganda rescinded the decision on ban, which secured the second-hand clothing market of approximately US\$120 million that America sells annually to East Africa.⁹ In addition, Prosper Africa and the American initiatives alike aim to expand US exports to Africa, which may bring greater external challenges to African markets and industries that are intrinsically vulnerable to international competitions, and could worsen debt problems at the same time.

III. Prospects

A. US-Africa Economic and Trade Cooperation on Decline

With regard to trade, the US trade with Africa dropped significantly (2000-2017) from US\$80.3 billion to US\$36.7 billion.¹⁰ In recent years, US-Africa trade volume accounted for only about two percent of US foreign trade volume.¹¹ In terms of investment, US private investment in Africa continued to decline. In 2017, US direct investment in Africa was US\$50.29 billion, while the total US foreign direct investment that year was US\$6.01 trillion. What's more, a large number of US companies have even started to withdraw funds from Africa since 2015.¹² In 2018, in terms of investment stock, the leading position of US investment in Africa has been surpassed by the Netherlands, France and the United Kingdom.¹³

B. Implementing Agency's Behavior Pattern Dependency

According to Brett Schaefer and James Roberts of the American Heritage Foundation, the past behaviors of the OPIC, DFC's predecessor, show that the organization had a strong inclination to avoid political and economic risks, and focused more on investing in high-income countries. Since the BUILD Act does not explicitly require DFC's investment and financing activities to low- and middle-income countries, it is unlikely that DFC will easily change its tendency to avoid risks.¹⁴

⁹Aggrey Mutambo, "Trump's 'America First' seen in trade deals with EAC", Daily Nation (Kenya), 27 August 2018.

<https://www.nation.co.ke/news/Trump-America-First-trade-deals-with-EAC/1056-4730604-14avvui/index.html>

¹⁰Judd Devermont (Director, Africa Program), "The World is Coming to Sub-Saharan Africa. Where is the United States?" CSIS Briefs (Washington, D.C.: The Center for Strategic & International Studies, August 24, 2018), 3.

¹¹Judd Devermont (Director, Africa Program), "A New U.S. Policy Framework for the African Century", CSIS Briefs (Washington, D.C.: The Center for Strategic & International Studies, August 7, 2020), 9.

¹²Fan Hesheng, Wang Letong, and Li Bo, "Meiguo jianzao faan lunxi jiyu zhongmei daguo boyi shijiao de fenxi [China-US gaming: case study on the BUILD Act]," *Guoji zhanwang* [International Prospects], No. 4 (2019), 103.

¹³See UNCTAD, World Investment Report 2018 (New York and Geneva: United Nations, 2018), 38; UNCTAD, World Investment Report 2020 (New York and Geneva: United Nations, 2020), 28.

¹⁴Liu Feitao, "Meiguo yintai jichusheshi touzi jingzheng celue [Competitions in infrastructure investment in the US 'Indo-Pacific']," *Guoji wenti yanjiu* [International Studies], No. 4 (2019), 18.

C. American Private Capital: Wait-and-see Attitude

As an update to the Power Africa initiative of the Obama administration, the USAID launched the Power Africa 2.0 during the Fourth Annual Powering Africa Summit in 2018, namely the Transmission Roadmap to 2030. However, with potential default and debt risks in large-scale power purchase on competitive terms, private capital is holding a wait-and-see attitude towards investing in African power, and the advancement of the initiative has been slow.¹⁵

Asia EDGE Initiative

I. Policy and Progress

At the Indo-Pacific Business Forum on July 30, 2018, US State Secretary Mike Pompeo proposed three initiatives for economic cooperation with Asia,¹⁶ namely Digital Connectivity and Cybersecurity Partnership (DCCP), Asia EDGE (Enhancing Development and Growth through Energy) and the Infrastructure Transaction and Assistance Network (ITAN). While these three initiatives were presented as pillars of America's "Indo-Pacific" economic vision, the Asia EDGE initiative was reiterated and highlighted in the United States Strategic Approach to the People's Republic of China in May 2020.

A. Policy Considerations

The first policy goal is to grab the opportunities of the fast growing economy in the region. America sees the "Indo-Pacific" region as "one of the greatest engines of the future global economy" that has a huge demand for energy. It is estimated that two-thirds of projected global energy demand in the next 20 years will come from the region's developing countries. According to the Asian Development Bank (ADB), the Asian energy market will require investments of US\$14.7 trillion in power infrastructure alone, and US\$2.3 trillion in telecommunications by the year 2030.¹⁷ As the region's annual investments fall far short of this need, government reforms and private sector investment are crucial to helping Asia overcome this key constraint to growth and stability.¹⁸ Through projects, Asia EDGE aims to help the US meet the rapidly increasing regional energy demand across Southeast Asia.¹⁹

The second is to strengthen economic ties with Asia. The economic development and rapid growth of ASEAN have made the region a major market for US exports and investment. ASEAN is even ranked No. 1 investment destination of the US in the "Indo-Pacific" region, with the investment portfolio as high as US\$271 billion,

¹⁵Ma Hanzhi, "Meiguo dianli feizhou changyi xinjinzhan [The US initiative of Power Africa: new progress]," *Guoji yanjiu cankao* [Reference for International Studies], No.5 (2020), 45-46, 51.

¹⁶Michael R. Pompeo, "America's Indo-Pacific Economic Vision", United States Department of State, 30 July 2018, <https://www.state.gov/remarks-on-americas-indo-pacific-economic-vision/>

¹⁷Takehiko Nakao and Juzhong Zhuang, "Meeting Asia's Infrastructure Needs", Asian Development Bank, 2017, p.xi, <https://www.adb.org/sites/default/files/publication/227496/special-report-infrastructure.pdf>

¹⁸"Asia EDGE (Enhancing Development and Growth through Energy) Initiative: Indo-Pacific Vision", U.S.

Agency for International Development, <https://www.usaid.gov/indo-pacific-vision/nrm/asia-edge>

¹⁹"Southeast Asia Enhancing Development and Growth through Energy Hub", Tetra Tech,

<https://www.tetrattech.com/en/projects/southeast-asia-enhancing-development-and-growth-through-energy-hub>

exceeding the US investment in China and Japan combined.²⁰ The United States and the ASEAN Secretariat also announced the opening of negotiations to link the ASEAN “Single Window” with the US Automated Commercial Environment (ACE) System to facilitate trade in goods between the two parties.²¹ In addition, Asia has always been the world’s largest importer of US Liquefied Natural Gas (LNG).²² On July 15, 2020, the US IMI Fuel Company exported the first batch of approximately 21,700 tons of coal to Vietnam National Coal and Mineral Industries Group (TKV). This deal has laid the ground for further ties between the two countries in energy partnership.²³

The third is to strive for an advantage in regional market competition. In recent years, the economic influence of China and European countries has been on the rise, which caught the US on alert. The Trump administration believes that these countries are deploying substantial resources to promote digital trade rules that benefit their own businesses and simultaneously erode U.S. digital competitiveness.²⁴ The administration also holds that America’s mass exportation of LNG and oil to Asia will serve to diversify the regional energy structure, enhance energy security and balance China’s expanding power and influence.²⁵ In other words, the “key policy rationale” of the US is to “respond to China’s Belt and Road Initiative (BRI)” by offering an alternative investment model.²⁶

The fourth is to dissolve strategic suspicions of the regional countries toward America. Since he took office President Trump has only attended the fifth ASEAN-US Summit in 2017, which caused discontent among the ASEAN countries. Meanwhile, America’s “Indo-Pacific” strategy bears a distinct attribute of military and security, which aggravated regional frustration about the US withdrawal from the

²⁰Muhammad Zulfikar Rakhmat and Ahmad Turdmuzi, “Australia, the US, and the Race for ASEAN’s Infrastructure”, *The Diplomat*, December 18, 2019,

<https://thediplomat.com/2019/12/australia-the-us-and-the-race-for-aseans-infrastructure/>

²¹“FACT SHEET: The United States and ASEAN: Expanding the Enduring Partnership”, U.S. Embassy & Consulate in Vietnam, November 3, 2019,

<https://vn.usembassy.gov/fact-sheet-the-united-states-and-asean-expanding-the-enduring-partnership/>

²²Leslie Palti-Guzman, “Will U.S. LNG Have an Edge in the Indo-Pacific”, in *Revolutionizing LNG and Natural Gas in the Indo-Pacific*, NBR Special Report, October 2019, 35.

²³ “TKV công meiguó jinkou diyipi meitan [TKV importing the first batch of coal from the US],” *Nhan Dan online*, July 17, 2020,

<https://cn.nhandan.com.vn/economic/commercial/item/7988401-tkv%E4%BB%8E%E7%BE%8E%E5%9B%BD%E8%BF%9B%E5%8F%A3%E7%AC%AC%E4%B8%80%E6%89%B9%E7%85%A4%E7%82%AD.html>

²⁴“Comments on Energy, Information and Communication Technology, and Infrastructure in the Indo-Pacific Region”, U.S. Chamber of Commerce, January 4, 2019,

https://www.uschamber.com/sites/default/files/indo_pacific_strategy_comments_uscc_final.pdf

²⁵Mikkal E. Herberg, “Introduction”, in *Revolutionizing LNG and Natural Gas in the Indo-Pacific*, NBR Special Report, October 2019, p.v.

²⁶Shayerahllias Akhtar and Marian L. Lawson, “BUILD Act: Frequently Asked Questions About the New U.S. International Development Finance Corporation,” Congressional Research Service, January 15, 2019, <https://fas.org/sgp/crs/misc/R45461.pdf>.

Trans-Pacific Partnership Agreement (TPP). Therefore, to appease the regional states, America has put forward a new package of initiatives to facilitate the expansion of investment and exports to the Asia-Pacific while tempting to strengthen the economic attribute of the strategy.

The fifth is to counterbalance China's Belt & Road Initiative (BRI). David Stilwell, Assistant Secretary for East Asian and Pacific Affairs of the US State Department, testified before the US Senate Foreign Relations Committee that "through initiatives such as One Belt One Road, Beijing has flooded much of the developing world with hundreds of billions of dollars in opaque infrastructure loans, leading to problems such as unsustainable debt burdens and environmental destruction and often giving Beijing undue leverage over countries' sovereign political decisions. We welcome fair and open economic competition with China, and economic engagement between China and other countries that adheres to international best practices ... But where China acts in a manner that undermines these principles, we are compelled to respond."²⁷

B. Progress

To implement the above initiatives, the Trump administration's follow-up work includes: (a) announcing in July 2018 to establish the Transaction Advisory Fund (TAF) to allow partner countries' access to legal and technical assistance needed to analyze the feasibility of infrastructure projects;²⁸ (b) initiating in November 2019 the Blue Dot Network (BDN) that commits to certify projects under shared standards for global infrastructure development;²⁹ (c) announcing the US-ASEAN Smart Cities Partnership (USASCP) in November 2018 to advance American investment in the region's digital infrastructure;³⁰ (d) announcing the "Indo-Pacific" Transparency Initiative in November 2018;³¹ (e) ratifying the Asia Reassurance Initiative Act (ARIA) in December 2018, which authorized government funding of US\$1.5 billion annually for the next five years to facilitate US military, diplomatic and economic involvement in the "Indo-Pacific" region.³²

The above-mentioned initiatives of the Trump administration mainly follow the guidelines as such: (a) helping partner countries improve the policy environment and capacity building for economic development, which includes the implementation and management of digital economy by higher standards, advancing regulatory reforms, creating open and competitive digital market, and improving partners' digital

²⁷"Statement of Assistant Secretary David Stilwell Bureau of East Asian and Pacific Affairs U.S. Department of State Before the Senate Foreign Relations Committee", September 18, 2019, p.5, https://www.foreign.senate.gov/imo/media/doc/091819_Stilwell_Testimony.pdf

²⁸"USAID's Strategic Approach to Advancing America's Vision for a Free and Open Indo-Pacific: Indo-Pacific Vision", U.S. Agency for International Development, February 2020, https://apcss.org/wp-content/uploads/2020/02/USA-USAID_Strategic_Approach_to_Advancing_Americas_Vision_for_a_Free_and_Open_Indo-Pacific.pdf

²⁹"Blue Dot Network", United States Department of State, <https://www.state.gov/blue-dot-network/>

³⁰<https://china.usembassy-china.org.cn/zh/remarks-by-vice-president-pence-at-the-6th-u-s-asean-summit/>

³¹"Indo-Pacific Transparency Initiative", United States Department of State, November 3, 2019, <https://www.state.gov/indo-pacific-transparency-initiative/>

³²"S.2736 - 115th Congress (2017-2018): Asia Reassurance Initiative Act of 2018", Library of Congress, 31 December 2018, <https://www.congress.gov/115/plaws/publ409/PLAW-115publ409.pdf>

connectivity and expanding opportunities for U.S. technology exports.³³ For instance, the DCCP facilitates digital skills-building for small and medium-sized enterprises through workshops and lectures;³⁴ (b) promoting US certification, operation and access qualification in the partner countries, which provides convenient policy tools for market access of the US enterprises in the region. For example, the USAID and ASEAN work closely to facilitate expanded e-commerce through the adoption of international standards that foster cross-border digital trade, especially for the SMEs.³⁵ The US International Trade Administration (ITA) designates some commercial officers in Southeast Asia countries to facilitate local market access for the American companies.³⁶ The “Indo-Pacific” Transparency Initiative aims to strengthen transparent public accountability in finance and budget, increase public sector transparency and access to information, bolster anti-corruption and enforcement measures, strengthen investment and project safeguards, and bring legal systems and the judiciary up to international standards;³⁷ (c) highlighting the role of partner countries in the implementation of initiatives and advancement of projects. To the regional states, the US Government renders designated preference in accordance with their strategic importance and amicability to America. In specifics, India, Indonesia and Vietnam are the key countries that America deepens ties with more investments and more frequent activities on more favorable terms. For example, Indonesia will be one of the first countries to receive US\$5 billion in DFC funding for infrastructure, energy and digital technology projects.³⁸ The US-India Business Council (USIBC), a key partner in the Indo-Pacific Business Forum, seeks to facilitate the US and Indian private sector opportunities for growth in their respective countries throughout “Indo-Pacific” region.³⁹

II. Regional Impacts

Since the initiative was announced, the ASEAN countries basically consent to the Asia EDGE and its objective of energy cooperation. Seeking US support of the

³³“Fact Sheet: Advancing Digital Connectivity in the Indo-Pacific Region”, November 18, 2018
<https://www.state.gov/advancing-a-free-and-open-indo-pacific-region/>

³⁴“A Free and Open Indo-Pacific: Advancing a Shared Vision”, United States Department of State, November 4, 2019, <https://www.state.gov/wp-content/uploads/2019/11/Free-and-Open-Indo-Pacific-4Nov2019.pdf>

³⁵“Advancing US-Japan Cooperation on Digital Economy Development in Latin America: Three Recommendations”, The Dialogue, April 13 2020,
<https://www.thedialogue.org/analysis/advancing-us-japan-cooperation-on-digital-economy-development-in-latin-america-three-recommendations/>

³⁶“Announcement of November 2019 Through April 2020 International Trade Administration Trade Missions”, 16 November, 2019, International Trade Administration,
<https://www.federalregister.gov/documents/2019/09/16/2019-19966/announcement-of-november-2019-through-april-2020-international-trade-administration-trade-missions>

³⁷“Forging Just and Accountable Governance in the Indo-Pacific Region”, The USAID, June 19, 2019,
https://www.usaid.gov/sites/default/files/documents/1861/USAID_and_the_Indo-Pacific_Transparency_Initiative_-_Fact_Sheet_June_19_2019.pdf

³⁸Lucio Blanco Pitlo III, “ASEAN-US relations: An agenda for a rescheduled summit”, Eurasia Review, 7 April 2020, <https://www.eurasiareview.com/07042020-asean-us-relations-an-agenda-for-a-rescheduled-summit-analysis/>

³⁹Nisha Biswal, “Powering the US-India Energy Partnership”, in Shreerupa Mitra, *Energizing India: Fuelling a Billion Lives*, Rupa Publications India, 2019, <https://www.usibc.com/wp-content/uploads/2019/08/US-India-Energy-Partnership.pdf>; “Chairman’s Statement of the ASEAN Post Ministerial Conference (PMC) 10+1 Session with the United States of America”, 10 September 2020, pp.3-4,
<https://asean.org/storage/2020/09/Final-Chairmans-Statement-of-the-PMC-Plus-One-Sessions-with-the-US.pdf>

Master Plan on ASEAN Connectivity 2025, the regional countries hope to enable an innovative, smart and sustainable urbanization.⁴⁰ In general, the region holds the following views on the Asia EDGE.

Firstly, the initiative needs to be clearer and more concrete, heeding closely to the actual situation in the region. The BDN simply proposes to establish a common standard of project excellence, yet without explicitly setting out financial support, specific planning principle, content, roadmap or timetable. Even the partners for cooperation and the target of implementation remain vague.⁴¹ As some observers noted that the developing countries are more concerned about the initiative's adaptability to their own strategy for economic development, concrete incentive measures, paying a little more and waiting a little longer for the BDN seal of approval.⁴²

Secondly, the US is expected to offer more projects of developmental assistance, with expanded scope of investment and financing. The Chairman's Statement of the 7th ASEAN-United States Summit on November 4, 2019 stated that "ASEAN Leaders noted with appreciation the US proposal to establish a Blue Dot Network to enhance infrastructure cooperation and development. We looked forward to the two sides working together on this initiative for mutual benefit and to complement the *Master Plan on ASEAN Connectivity 2025*."⁴³ The enunciated fields of cooperation in the US initiatives remain relatively small in scope with restricted conditions. Furthermore, such requirements as immediate and substantial improvement of the investment environment are not practically in line with the actual conditions of regional states, who are not only unclear of the ranging amount of DFC funds be dedicated to the "Indo-Pacific" region, but also unsure of the scale of American investment.⁴⁴ For the regional countries, compared with China's BRI, the funds promised by the US seem to be modest as a drop in the ocean,⁴⁵ hardly sufficient to mend the financing deficit of the regional infrastructure projects.

Thirdly, apart from the critiques, Asia EDGE has received positive responses and concerted cooperation from a few regional countries. The US has developed ongoing programs and accomplished projects with a number of Asian partners including

⁴⁰ "Chairman's Statement of the ASEAN Post Ministerial Conference (PMC) 10+1 Session with the United States of America", 10 September 2020, pp.3-4,

<https://asean.org/storage/2020/09/Final-Chairmans-Statement-of-the-PMC-Plus-One-Sessions-with-the-US.pdf>

⁴¹"emei: landian wangluo wufa zuzhi yidaiyilu tuijin [Russian media: Blue Dot Network cannot stop the advancement of Belt & Road Initiative]," *Cankao xiaoxi*, February 28, 2020,

http://column.cankaoxiaoxi.com/2020/0228/2403248_4.shtml

⁴² Matthew P. Goodman, Daniel F. Rund, Jonathan E. Hillman, and Sundar R. Ramanujam, "Taking the Higher Road: U.S. Global Infrastructure Strategy One Year Later", Center for Strategic and International Studies, 27 April 2020, <https://www.csis.org/analysis/taking-higher-road-us-global-infrastructure-strategy-one-year-later>

⁴³ASEAN, "Chairman's Statement of the 7th ASEAN-United States Summit", Bangkok, Kingdom of Thailand on 4 November 2019,

<http://asean.org/wp-content/uploads/2019/11/FINAL-Chairmans-Statement-of-the-7th-ASEAN-US-Summit.pdf>

⁴⁴"The Trump Administration's 'Free and Open Indo-Pacific': Issues for Congress", Every CRS Report, October 3, 2018.

https://www.everycrsreport.com/files/20181003_R45396_3b75f4bf108ab8d5ab4419b8e98d4edfc80c31ed.pdf

⁴⁵Bhavan Jaipragas, "Trump Strikes a Blow in US-China Struggle with Build Act to Contain Xi's Belt and Road", South China Morning Post, 20 October 2018, <https://www.scmp.com/week-asia/geopolitics/article/2169441/trump-strikes-blow-us-china-struggle-build-act-contain-xis> (accessed 29 April 2020).

Bangladesh, Myanmar, Cambodia, India, Indonesia, Laos, Nepal, the Philippines, Sri Lanka, Thailand and Vietnam, etc.⁴⁶ Under the framework of the Strategic Energy Partnership, the US and Japan have jointly worked to advance the implementation of the US initiatives in the regional countries. The Asia EDGE Summit has been scheduled on June 29-30, 2021.⁴⁷ For the year of 2019, ASEAN and the US produced the work plan on telecommunications and information technology, which offered to deliver various training programs regarding connectivity and digital economy.⁴⁸

III. Prospects

The Asia EDGE is an initiative that serves to consolidate the US “Indo-Pacific” strategy, reflecting America’s sustained aspiration to shape behaviors of the regional actors and to dominate regional affairs. Hence, its prospects have therefore been clouded.

Firstly, as the initiative creates no extra opportunities for substantial increase of exports to America, the regional countries have shown a modest attitude. The Trump administration’s emphasis on reciprocal trade and bilateral trade ties is contrary to the region’s expectation on increase of exports to the US and the breeding of regional multilateral trade agreements. Although the US took advantage of its supremacy to coerce progress in the trade negotiations with its Asian allies, i.e. Japan and the Republic of Korea (ROK), the American trade strategy encountered soft resistance. With the absence of a more credible and robust economic strategy, the US lacks the capacity or will to restore the regional economic architecture it once built.⁴⁹ Without stimulating regional countries’ exports increase to the US, such initiative will not be sufficiently attractive.

Secondly, the US initiative has the potential to facilitate sustainable economic growth in the region, but with the limitation of setting the bar too high. The US aspires to use its high technology, management experiences and governance model to help develop larger and more attractive markets in the region.⁵⁰ However, due to much too high standard for investment and aid, there are not many countries that can meet the requirement. By far, only Japan announced in September 2019 that it intends to facilitate high-standard investment in projects to supply LNG or build LNG infrastructure by aligning the Japanese government’s target of \$10 billion in public and private finance and capacity building training with the U.S. Asia EDGE initiative.⁵¹

Lastly, Asia EDGE, as a key pillar of America’s Indo-Pacific strategy, seeks to maintain the US dominance in response to the great power competitions. However,

⁴⁶ <https://www.usaid.gov/energy/asia-edge>

⁴⁷“Asia EDGE Summit”, <https://www.trade.gov/asia-edge-summit>

⁴⁸“The 19th ASEAN Telecommunications and Information Technology Ministers Meeting and Related Meetings”, Vientiane, Lao PDR, 25 October 2019, <https://asean.org/storage/2019/10/ADOPTED-TELMIN-19th-TELMIN-JMS-.pdf>

⁴⁹Lindsey Ford, “The Trump administration and the ‘Free and Open Indo-Pacific’”, May 2020, pp.8-9, https://www.brookings.edu/wp-content/uploads/2020/05/fp_20200505_free_open_indo_pacific.pdf

⁵⁰Hearing, June 13, 2019,

<https://www.govinfo.gov/content/pkg/CHRG-116hhrg36642/pdf/CHRG-116hhrg36642.pdf>

⁵¹“2019 Japan-U.S. Strategic Energy Partnership Statement: Recent Major Developments”, November 4, 2019, <https://www.state.gov/2019-japan-u-s-strategic-energy-partnership-statement-recent-major-developments/>

the way it advances its policy objectives may undermine those economic ties that already exist in the region.⁵² On July 22, 2020, US State Secretary Pompeo expressed in the USIBC that India has become a “rising US defense and security partner in the Indo-Pacific and globally.” By this logic, India was advised to withdraw its present supply chain of telecommunications and healthcare equipment from China, hence decreasing dependence on China.⁵³ All the above talks will definitely undermine the existing economic ties in the region.

Growth in the Americas Initiative

I. Policy and Progress

Growth in the Americas, or América Crece, was first proposed in 2018 by the Trump administration as an energy-focused regional initiative. In December 2019 after the Blue Dot Network was announced in Asia, the United States launched the expansion of Growth in the Americas, which, in addition to energy, spurs investment in transportation as well as information and communication technologies.

The initiative highlights the following key points: (a) building an enabling environment for US private sector investment in energy and infrastructure that is transparent, competitive and in line with international best practices; (b) working with the governments across Latin America and the Caribbean in a whole-of-government mode to support economic development that leads to job creation; (c) helping Latin American countries improve their regulatory frameworks and procurement structures, optimize investment models to prevent over-reliance on project financing; (d) emphasizing whole-process participation to facilitate infrastructure sector projects from early-stage feasibility studies through final investment decisions; (e) seeking to connect the US private sector to opportunities in Latin America and the Caribbean to promote the latter's market diversification, energy security and continued growth.⁵⁴ In essence, the initiative at the core is to mobilize, with the whole-of-government assistance, the US enterprises to invest in Latin America and facilitate sustainable economic growth in the region.

By far, the initiative has made some progress in key areas of energy and infrastructure. In the field of energy, the USAID launched the Caribbean Energy Initiative (CEI) in 2019 with an initial investment of US\$ 5 million over the next five years to diversify fuels used in power grids and build natural disaster resilience. The agenda of using renewable energy to strengthen regional integration is also promoted. In the area of sustainable development, experts from various US government sectors have travelled to Peru and other partners to share best practices on transparent

⁵² Katherine Atha, Jason Callahan, John Chen, Jessica Drun, Kieran Green, Dr. Brian Lafferty, Joe McReynolds, Dr. James Mulvenon, Benjamin Rosen, and Emily Walz, “China's Smart Cities Development”, Research Report Prepared on Behalf of the U.S.-China Economic and Security Review Commission, January 2020, https://www.uscc.gov/sites/default/files/2020-04/China_Smart_Cities_Development.pdf

⁵³ <https://www.zaobao.com/news/world/story20200724-1071492>; “India a key partner, pillar of US foreign policy: Pompeo”, Hindustan Times, Jul 23, 2020,

<https://www.hindustantimes.com/india-news/india-a-key-partner-pillar-of-us-foreign-policy-pompeo/story-YVE14u6Cur7KTSrip44dKM.html>

⁵⁴ <https://www.state.gov/growth-in-the-americas/>

infrastructure procurement. US government-dispatched experts also visited Panama to share watershed management best practices for the Panama Canal. In the field of digital infrastructure, telecom officials from Argentina, Chile and Ecuador were brought to the US for the promotion of US best practices in cable system design, manufacturing, installation and regulation in support of upcoming subsea fiber optic cable, broadband and other Information and Communication Technology (ICT) projects. In addition, the US senior government official announced in December 2019 the expansion of Digital Cybersecurity & Connectivity Partnership (DCCP) to the Western Hemisphere. With up to US\$ 10 million in funding, this initiative commits to help the region build connectivity, advance an open internet and enhance cybersecurity.

The advancement of Growth in the Americas reflects the following characteristics: (a) the implementation of the initiative combines the reality with prospects, by not only highlighting the signing of inter-governmental agreements, but also prospecting to improve governance and policy environment in partner countries. Up to now, the US has signed MOUs under Growth in the Americas with eight partner countries, namely Panama, Chile, Jamaica, Argentina, Colombia, El Salvador, Ecuador and Brazil. More substantial activities have been carried out in more regional countries beyond the initiative signatories; (b) the advancement of projects caters to both common and individualized needs. The United States has incorporated the existing US-invested projects in Latin America into Growth in the Americas, granting these projects comprehensive favored policies and resource supports of the initiative, while optimizing credit evaluation and procurement procedures. Project selection focuses on local conditions. For instance, sharing watershed management technology and construction of energy hub for the Panama Canal, supplying oil and gas exploration equipment to Argentina, and transferring technologies of subsea fiber optic cable to Argentina, Chile and Ecuador have all been tailored to the local needs; (c) the project arrangements are in line with the policy priorities of the Trump administration. The first is to focus on the Caribbean and Central America, which helps to alleviate the economic root causes of illegal immigration to the US. The second is to promote the Women Empowerment Agenda initiated by Ivanka Trump, giving continued support for the Women's Global Development and Prosperity (W-GDP) initiative.

II. Regional Impacts

The Latin American countries generally support the policy objectives of Growth in the Americas that center on infrastructure development and sustainable growth, and welcome the incremental funds and diversified choices the initiative brings. Due to deficiency of funds and insufficiency of infrastructure, the major economies in Latin America largely hold anticipations of the initiative, as reflected in the signing of MOUs by eight countries including Brazil and Argentina with the United States. While recognizing the objectives and potential benefit, the Latin American countries did express concerns as follows:

(a) Worrying that the strategic intention of the US initiative is to check and balance China rather than benefit Latin America, thereby damaging Latin America's

economic autonomy and economic ties with China. Kimberly Breier, Assistant Secretary of the Bureau of Western Hemisphere Affairs of the US State Department, openly messaged the Latin American countries that “we want to ensure that our partners consider the risks inherent in closer ties with China,” pressed for “fair” competition for US enterprises by urging China to play by international standards, appealed to Latin America to postpone the 5G bidding until comparable technologies emerge, and warned of the security risks the Chinese technologies may imply. Facing purposive befriending and even open intimidation from the US, Brazil had to postpone the deployment of 5G telecoms network and other China-related projects, or further cancel them in the end.⁵⁵ In the Overview of Western Hemisphere Strategic Framework published by the US National Security Council in August 2020, potential and ongoing cooperation between China and Latin American countries in 5G infrastructure was clearly and openly opposed.⁵⁶ In contrast to this animosity, Brazil’s Vice President Hamilton Mourão said in public that the country “can’t miss out on the 5G opportunity” and that “[failure to seize] this opportunity would mean decades of setbacks and losses.”⁵⁷

(b) Worrying over the high standard and high cost that the US-initiated cooperation may incur. The lack of feasibility in the partner countries makes it hard for the US initiative to pull in mass participation of American enterprises. From the perspective of the Latin American countries, the US initiative focuses more on the abstract concepts, such as improving policy environment and enhancing project standard in partner countries, which place high bar for cooperation and capital support. Although the DFC are allowed to hold shares in investment projects, the US private investment has become more cautious due to the deterioration of pandemic-stricken political and economic situation in Latin America. Meanwhile, the high standard, high cost and lengthy process of project assessment have had an impact on efficiency, which mismatch the local conditions. Furthermore, the credibility of US enterprises to honor business deals has been put on a big question mark after Boeing “wrongfully terminated” its contract with the Brazilian aircraft manufacturer Embraer amid the coronavirus pandemic.

(c) Worrying that the ideology-centric US initiative, which favors “like-minded countries” over the else, may undermine the solidarity and cooperation within Latin America. In June 2020, the United States straightway nominated Mauricio Claver-Carone, a US citizen, to run for presidency of the Inter-American Development Bank (IDB), albeit a few Latin American countries had already put forward alternative indigenous candidates. As a US citizen winning the election, Mauricio Claver-Carone had broken the 60-year tradition of IDB being led by Latin Americans. As regional states like Argentina, Mexico, Chile, Nicaragua, and Republic of Trinidad and Tobago, in addition to the European Union (EU) shareholder nations, all abstained in the election, the legitimacy of the result had been questionable to a great extent. After the US Overview of Western Hemisphere Strategic Framework

⁵⁵KimberlyBreier, “China’s New Road in the Americas: Beyond Silk and Silver,” April 26, 2019.

<https://www.state.gov/chinas-new-road-in-the-americas-beyond-silk-and-silver/>.

⁵⁶<https://www.whitehouse.gov/wp-content/uploads/2020/08/Western-Hemisphere-Strategic-Framework.pdf>.

⁵⁷Angelica Mari, “Brazil ‘can’t miss out’ on 5G opportunity, says vice-president,” ZDNET, Sept. 10, 2020.

was released, Rubens Barbosa, former ambassador of Brazil to the United States commented with disappointment that “the fact that only Nicaragua, Cuba and Venezuela are mentioned clearly indicates the [Trump] administration’s concern of the ideological deviation of those countries in the region. The United States does not refer to the difficulties of Argentina, Mexico and Brazil, nor to ways in which it could help restore their prosperity to strengthen a better and diversified relationship...The lack of interest in the region of both US government and companies gave way to a growing presence of foreign powers...China is mentioned in a prominent way.”⁵⁸

III. Prospects

Although Growth in the Americas puts emphasis on improving investment climate of the partner countries, the de facto accomplishment of the initiative will be largely decided upon whether the US companies could be mobilized to participate. “If there is not a better investment climate for both foreign and domestic private investment, it will be very difficult to use the opportunity of US-Mexico-Canada trade agreement (USMCA),” Geronimo Gutierrez, who was Mexico’s ambassador to the US in 2017 and 2018, said during a virtual event hosted by the Wilson Center.⁵⁹ Hit by the coronavirus pandemic continuously, the economic situation and epidemic prevention in Latin America have become even more challenging. The World Economic Outlook Update in June estimates the region to shrink by 9.4 percent in 2020. In this context however, the US and Latin America have not yet carried out meaningful and in-depth dialogues about their post-epidemic cooperation. Difficulties and uncertainties remain plentiful for US enterprises to invest in the infrastructure development of Latin America.

Conclusions

The US initiatives for development and cooperation in Africa, Asia-Pacific and Latin America are in line with Trump administration’s national security strategy, which seeks to fortify the US global influence and intensify competitions with China. These initiatives have reflected the change in the US’ perception of government’s role in international development cooperation, which is an important attempt by developed countries to improve the model of past practice. That said, the initiatives have induced mixed responses and impacts in the above-mentioned regions. On the one hand, the partner countries welcome incremental resources and diversified choice as brought about by the US initiatives. On the other hand, the regional states have been visibly concerned about the geopolitical competition and ideological friction that the initiatives may bring in.

To summarize, the report recommends that the aforementioned US economic initiatives tone down the rhetoric of ideological conflict and great power competition,

⁵⁸“Does the U.S. Have a Good Strategic Plan for Latin America?” Latin America Advisor, Sept. 1, 2020.

⁵⁹DebRiechamnn and Jill Colvin, “Trump Forgoes Insults of Past, Calls Mexico Cherished Friend,” AP News, July 9, 2020.

while returning to the inherent logic and path for international development cooperation. Those points in the US initiatives that deserve affirmation include strengthening the core position of enterprises as market players, actively improving the business environment, as well as focusing on energy and infrastructure development, which also coincide with the key areas of the future international development cooperation among major economies worldwide. A number of countries in the above-mentioned regions, i.e. Africa, Asia-Pacific and Latin America, are partner countries of both China's BRI and the US version. This "running on two paralleled lanes" has indeed reflected the strong needs of developing regions to develop cooperation with both China and the United States. Therefore, to achieve sustainable development, respecting the economic autonomy and ownership of the partner countries and conforming to the principles of openness, equality and mutual benefit should be the only right path to follow.

