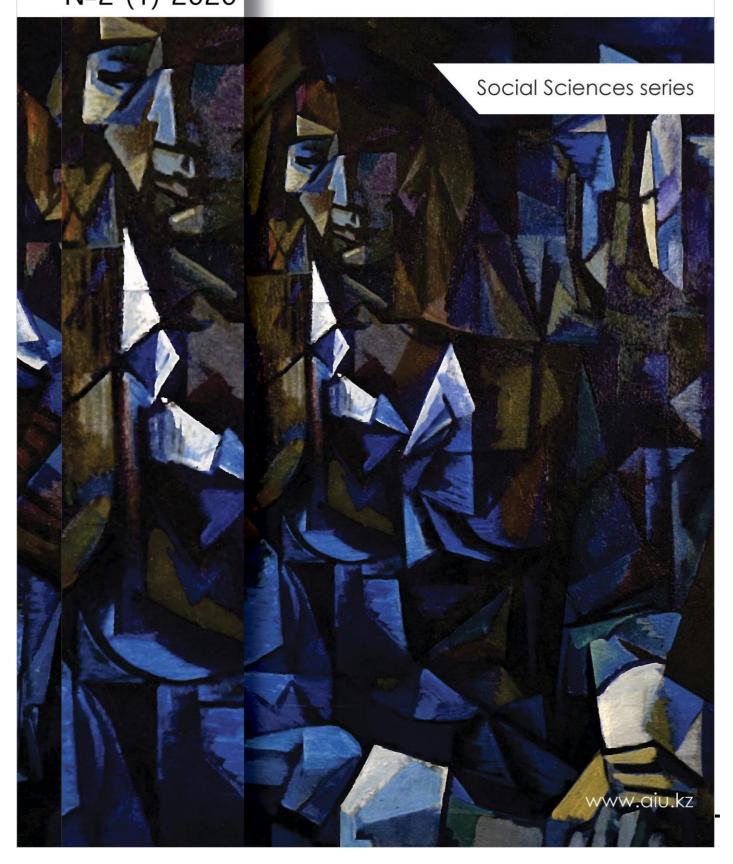


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ANALYSIS OF GEOPOLITICAL INTERESTS OF THE UNITED STATES AND CHINA IN THE ASIA-PACIFIC

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Annotation. This article examines the problems of increasing competition between the United States and China for economic and political leadership in the Asia-Pacific region. The purpose of the article is to conduct a comprehensive and comparative analysis of the priorities of the us and China's foreign policy strategies. Traced the definition of the basic interests of China and USA and means of their implementation, analysis of the economic, geopolitical and military-strategic importance of the Asia-Pacific region and its countries

Key words: USA, China, Asia-Pacific, political and economical interests, trade

Introduction

Transformation of international system at the beginning of the XXI century is all-encompassing and deep in character. Principal factor shaping the geopolitical and geo-economic landscape of XXI century is the rise of Asia Pacific region and its countries. States with complex national strength are rapidly growing, the geography of national interests is expanding, and international influence of some countries, China and the United States in particular, is increasing. Today China's interests are not limited with exclusively domestic economic development and participation in East Asian affairs, but they are becoming broader in scope and projected on almost all subregions of the Asia Pacific. Moreover, foreign policy of this largest East Asian state is reaching a qualitatively new level. Chinese leadership is actively taking participation in shaping the international agenda, creating new mechanisms and institutions of global governance. With support of a number of other new centers of influence (India, Japan, South Korea and Southeast Asian nations), Beijing is increasing pressure to revise the existing decision rules in the Western and US-controlled global financial and trade institutions.

Goals

The article analyzes the political and economic interests of the United States and China in the Asia Pacific region which plays a significant role in the system of international relations in the new conditions. Each state has its own economic interests in the region which are determined by relations with other countries. The US and China have different priorities in the region related to political and military interests

Methods

Theoretical and methodological basis of the article is an analytical work of foreign authors that examines the main principles of foreign policy of the United States and China in this region, taking into account the international situation. Now soft power is very relevant in the system of international relations and China uses it for its own purposes. The article uses historical-comparative and static methods and event analysis to analyze the interests and priorities of the two States

Discussion

Leaders of these two states in their public speeches focus on potential areas of bilateral cooperation, on presence of a wide range of common global and regional interests, on the willingness of both countries to develop partnerships. However, the official rhetoric of leadership cannot hide serious contradictions inherent in American-Chinese relations, which are systematically manifested and lead to tensions and crises in the interaction of two superpowers. Underlying causes of these contradictions are the fundamental differences in political regimes, ideologies, value systems and economic development models, lack of strategic trust between them as well as consequently absolutely different geopolitical goals and interests towards several regions, including Asia Pacific.

Konkurentnye strategii Pekina i malyh stran ASEAN v Yuzhno-Kitajskom more" by Garri M. is also devoted to the analysis of territorial disputes in the South China Sea, in which China, Vietnam, Taiwan, the Philippines, Malaysia and Brunei are involved, as well as the prospects for their evolution. Priority is given to assessing the goals and strategies of parties to this conflict. It is shown that due to the disparity between long-term goals of the opposing sides, they have practically no areas of interest - common or parallel, on which it would be possible to reach a compromise through negotiations [1].

With a view to collect data on the Asia-Pacific region, "Aziatsko-Tihookeanskij region: mify, illyuzii i real'nost" by Arin O. A. was examined to analyze its geostrategic significance and role in international relations. In this monograph, for the first time in domestic and foreign scientific literature, an attempt has been made to dispel the myth of the Asia-Pacific against the background of analysis of almost all pressing and controversial problems of East Asia. For each of them, the author puts forward his own concepts, which do not coincide with generally accepted approaches and views. The given book also explores theoretical foundations of national interests and security of the United States, China and Japan, coupled with the real policies of these states in the region being analyzed [2].

Particularly represented in such works as China's offensive in Southeast Asia: regional architecture and the process of Sinization by Suehiro A.

During the 1990s, China had aimed at constructing good relations with neighboring countries including Association of Southeast Asian Nations (ASEAN) members. After the start of external offensive strategy in 2001, China began to accelerate its economic involvement in Asian countries in general, and ASEAN countries in particular. At the same time, China has attempted to create China-led institutional framework and to make the region suitable to Chinese existence. This activity is called "the process of Sinicization" in this article. To explore the process of Sinicization in reference to China's relations with CLMV (Cambodia, Laos, Myanmar, Vietnam) and Thailand, or China's relations with ASEAN members, the author examines in detail two cases of the Greater Mekong Subregion Scheme or GMS (since 1992) and the Nanning-based China-ASEAN EXPO or CAEXPO (since 2004) in addition to comparison of Chinese and Japanese economic involvement in Southeast Asia [3].

Favorable geographical position and rich natural resource potential in many respects determined the importance of Asia Pacific and its subregions as a strategically important part of the world. In particular political and economic success of Southeast Asian countries was largely due to their membership in ASEAN. Initially consisting of only five states, this organization was able to overcome the consequences of imperialist and civil wars, survive the collapse of bipolar system of the world order and the Asian financial crisis of 1997. Today, the given Association has become a center of a regional political and economic architecture and an effective tool for promoting peace and stability in the Asia Pacific Region (APR). More than 630 million people live in the ASEAN states, and their combined Gross Domestic Product (GDP) exceeds 2.55 trillion dollars. According to some estimates, they may become the 4th economy in the world by

2050, already occupying the 7th position now. It is worth noting that the GDP growth rate is about 5% per year and 24% of the total turnover falls on mutual trade - this is the third largest indicator in the world after the European Union (EU) and North American Free Trade Agreement (NAFTA) [4].

The given region is rich in natural resources, which occupy an important place in foreign trade of several countries. For example, Malaysia is the leading global exporter of rubber, while Indonesia is a producer of precious woods and palm products, and economy of Brunei is entirely built around the export of oil and gas. At the same time, industrial goods and processing products have come to the first places in generating income for most countries during last 10–15 years. Singapore is one of the most economically developed countries in Southeast Asia region - it receives main income from transport logistics, financial and "digital" services, etc. One of the most important factors for economic development of Southeast Asian nations is a potential of the South China Sea. International maritime communications pass through its water areas, including the transportation of hydrocarbons from the Middle East (up to 80% of imports from China and Japan). The Strait of Malacca annually passes over 70 thousand merchant ships and 20 thousand tankers. According to preliminary estimates, total deposits of oil in the South China Sea amount to 30 billion tons, and natural gas - at least 16 trillion cubic meters. Moreover the South China Sea basin is on the fourth place among the largest fishing areas of the world [5].

Main trade routes of China, India, Japan, the Republic of Korea and other actively trading countries intersect in Southeast Asia. Over the past ten years, foreign investment activity in this subregion of the APR has also significantly increased. In addition, foreign trade of the Association members for the same time increased by 3 times. According to McKinsey, in case of successful implementation of the idea of ASEAN economic community and the full removal of barriers and restrictions, these nations will be able to generate an additional 280 - 625 billion dollars GDP annually by 2030 [6].

Despite significant prospects for economic development, ASEAN is also facing factors capable of blocking the implementation of a significant part of initiatives. The main difficulty is a choice of partners for broader integration. Even after the refusal of US President D. Trump to participate in Transpacific Partnership, some ASEAN members still hope for successful implementation of this format. At the same time, negotiations on joining the Regional Comprehensive Economic Partnership - idea promoted by the People's Republic of China (PRC), are also going on quite difficult - Southeast Asian states are trying to defend their own economic interests, not agreeing to unify the standards [7].

China is a main investor and trading partner of ASEAN countries, ranking third in terms of investment in their economies. Mutual trade turnover reached 515 billion dollars at the end of 2017, having increased by 13.8% compared to 2016 [8].

According to some estimates, the volume of accumulated capital investments of Chinese companies in Southeast Asian states reaches 120 billion dollars. It should be borne in mind that while analyzing Chinese investments, official statistics often give them an underestimate, since investors from the PRC, as a rule, create front companies with registration of ownership as local huaqiao. If this circumstance is taken into account, the direct investment of Chinese business in only five countries of the region (Thailand, Cambodia, Laos, Myanmar and Vietnam) reached \$69 billion during 2004–2015 [9].

The volume of trade and investment has grown rapidly since 2000s, when China began to implement actively the strategy for its producers to enter foreign markets. In order to accomplish this task and to promote the "literate and effective" investments of Chinese companies, the *China Industrial Overseas Development & Planning Association* was created in 2004. It reports to the National *Development and Reform* Commission of the *People's Republic of China*. During this time, the volume of bilateral trade increased by almost 13 times (compared to 2000), and the

volume of investments - by 9.3 times (compared to 2004). Despite the fact that Chinese investments grew in nominal terms in all Southeast Asian states after 2004, they dominate not everywhere in the total volume of foreign direct investment (Table 4). For example, in Thailand and Vietnam, the share of Chinese business in FDI is 7,8 and 6% respectively. Worth to note that Japan is a key investor in these countries. China is a main investor for Cambodia (22%) and Laos (25%) [10].

The growth of mutual trade and investment was facilitated by fact that China became a strategic partner of the ASEAN in 2003. In January 2010, ASEAN- China Free Trade Area (ACFTA) Agreement on creation of a free trade zone between the PRC and ASEAN members came into effect. This was preceded by adoption of the Asia Debt Relief Initiative in 2002, which dealt with debt cancellation and financial assistance to poor countries located on Indochina Peninsula. Meanwhile the Chinese province of Yunnan which borders with Southeast Asia (4,600 km of the common border with Laos, Myanmar and Vietnam) dramatically expanded the format of its industrial exhibition, held annually in Kunming to attract business partners from Indochina states. The Chinese "Opening Border Regions" strategy, which has been implemented since 2001, promoted bilateral cooperation as well. Another area of Chinese expansion was a development of the Greater Mekong subregion (GMS). Economic cooperation program for projects in the Mekong Valley is divided into three phases. During the first stage (1994–2007), 34 projects worth about \$10 billion dollars were implemented. They were financed both by the Asian Development Bank - 34.7%, and at the expense of cash infusions of the PRC - 27.2%. It is important to note that main levers of influence in Asian Development Bank (ADB) are in the hands of Japan and the United States. As of December 31, 2017, the largest shareholders of ADB were Japan and the USA (15.607% each) as well as the PRC (6.444%), India (6.331%) and Australia (5.786%). The bank itself is headed by Japanese Takehiko Nakao.

At the second stage (2008–2012), during which 110 projects worth 15 billion dollars were implemented, the Chinese share in investments increased to 32.2%, while the ADB share fell to 22.1%. At the third stage (2014–2018), as of May 2016, 59 projects worth \$ 30.06 billion dollars were implemented. Meanwhile the share of investors from the PRC grew to 62%, and the ADB contribution decreased to 17.4%. Given the involvement of Chinese business and government in this project, it can be concluded that the Greater Mekong subregion contributes to gradual incorporation of economies into Chinese infrastructure development program.

On March 31, 2018, the 6th GMS Summit was held in Hanoi on the theme "Developing a 25-year cooperation, building an integrated, sustainable and prosperous Greater Mekong". Following the meeting, the Hanoi Action Plan for 2018–2022 (with the Investment Plan for 2022) was adopted, which in its turn include 227 projects with a total value of 66 billion dollars [11].

Another project contributing to the expansion of Chinese business in these countries is annual industrial exhibition The China-ASEAN Expo (CAEXPO) in Nanning (Guangxi-Zhuang Autonomous Region of China), which has been held since 2004. This city was not accidentally chosen by Chinese authorities: it is located near the border with Vietnam (174 km from Hanoi), and it also houses the Guangxi Industrial Development Zone. The purpose of Sino-ASEAN Industrial Exhibition is to promote Chinese products in countries of Southeast Asia. This is evidenced by the amount of contracts concluded by Chinese companies - 16 billion dollars, or 62% of all contracts in 2014 [12].

Chinese the Belt and Road Initiative and capital investment of the Asian Infrastructure Investment Bank are also actively promoting the expansion of Chinese business in developing states.

The successes of economic development and strengthening of China's international influence in recent years have led Beijing to a rethinking of its role in the world and a revision of

its domestic and foreign policy priorities. Economic strategy of the PRC today consists of "Go Out" policy, which helps to establish relations with other countries, primarily in interests of expanding the access of their enterprises to foreign markets. The Chinese initiative to form the Silk Road Economic Belt (SREB) seems to respond to a new challenges facing the country in implementation of "reform and opening up" policies. The SREB initiative was complemented by a maritime component — the 21st Century Maritime Silk Road (MSR), the idea of co-constructing which was proposed to ASEAN member states in October 2013 by Xi Jinping. Both components - the SREB and the MSP - were combined into a common strategic concept called "The Belt and Road Initiative" (BRI), which serves as one of the main directions of the PRC's economic and foreign policy [13].

Developing relations with Southeast Asian nations remains one of the top priorities in Chinese foreign policy paradigm, which is dictated by security interests and idea of creating a "belt of peace, stability and common prosperity" along the perimeter of the PRC borders. It is designed to provide favorable conditions for economic development of state in the long term. One of the most effective tools for its implementation in relation to Southeast Asia is an initiative of Maritime Silk Road, which allows China to solve a number of important complex tasks of a political, economic, military and cultural nature .

Obviously, the emergence of MSR concept was, to a large extent, a response measure towards Washington's "Pivot to Asia" policy pursued since 2011, aimed at deterring China, increasing control over the sea transport routes through which resources and fuel as well as products of Chinese industry are supplied there. Moreover according to the PRC leadership, implementation of the Maritime Silk Road strategy will help alleviate the outlined disagreements between China and its neighboring countries related the escalation of territorial disputes in the South China Sea. Enhancing multilateral cooperation in the Asia-Pacific region should contribute to improving the regional foreign policy climate. Cultural and humanitarian cooperation within the framework of this initiative (tourism, student exchanges, "people-to-people diplomacy", etc.) will allow China to further increase its "soft power" on Southeast Asian territories.

Substantially significant part of this project is its impact on internal political situation in the country. Creation of the Silk Road is designed to solve several problems. Firstly, investments in promising projects are effectively targeted, which should be paid back politically and economically. Second, the problem of underdevelopment is still being addressed particularly on western and central territories of China. Thirdly, new jobs are created in public corporations in the course of implementing infrastructure projects. The Chinese side places a special emphasis on economic aspect of the MSR, which also serves as an instrument of Chinese "soft power", designed to increase an attractiveness of the PRC for countries of South and Southeast Asia. An important goal of this initiative is to redirect the flow of goods exports and capital to those states that have not yet become active participants in world trade.

Control over the sea and land routes of the Silk Road allows to ensure the energy security of China, since, as the largest importer of energy resources in the world, it largely depends on maritime supplies and the safety of maritime transport corridors. The given project reduces logistic costs China, attracts investments for countries through which it passes and reduces the huge gap in infrastructure development between ASEAN nations. Ultimately, safe, uninterrupted and highly efficient sea transport routes are created with a nodal points in the most important ports .

It is assumed that participating countries will implement the matching plans for construction of infrastructure and creation of a technical standards system, gradually forming the basic infrastructure network between Asian subregions. As a result, a single mechanism for transport coordination and multimodal transport will be obtained, which will gradually develop standard rules to facilitate international transportation. The initiative provides for the joint

construction of ports, an increase in the number of sea routes, and strengthening cooperation in the field of maritime logistics and security at sea.

The given Chinese initiative is devoid of rigid restrictive frameworks and, according to economists, is the most gentle and flexible modern partnership. Its implementation implies an exchange of views between participants on the ways of economic development, which will reveal potential conflict points, eliminate them and form joint development strategies taking into account the economic, political, legal practices of participants of this project. China emphasizes that the "Belt and Road" is not an integration structure, not a regional or international organization, but an initiative of mutually beneficial cooperation and joint development, which makes it possible to call it an open partnership model.

However, China does not build the Silk Road from scratch. A number of facilities on the MSR route are separate, independent projects of the Asia-Pacific nations, already partially implemented. Basically China aims to integrate the Maritime Silk Road project into the regional infrastructure network, which, on the one hand, should allow saving on capital investments, and on the other, avoid accusing China of becoming a monopolist in this region. Nevertheless, in the course of promoting this project, the country faced a number of difficulties, one of them was the fear of Asia Pacific states (for instance, Vietnam and the Philippines) over the Beijing growing influence. The growing imbalance in trade and development, in their understanding, will lead to the formation of dominant "Chinese-centric" order in this region. However, benefits that these countries share in this project outweigh potential risks.

The Asian Infrastructure Investment Bank (AIIB), Silk Road Investment Fund and China-ASEAN Maritime Cooperation Fund provide financial support for the MSR. Project provides great opportunities for nations to develop infrastructure: ports, highways and railways, airfields, thermal power plants, pipelines, etc. Thus alternative land corridors for the delivery of goods instead of the sea route are being created in parallel.

The successes of Belt and Road megaproject, as well as China's bilateral economic cooperation with the Asia-Pacific developing countries objectively lead to a diminishing American role there. In addition, the US withdrawal from Trans-Pacific Partnership (TPP) and "America First" policy announced by D. Trump initially caused serious concern in most Asia-Pacific developing countries about Washington's future plans in this region. However, in December 2017, as it was already mentioned, the US administration introduced a new National Security Strategy. Given document emphasizes the great interest of the United States in development of bilateral relations with many countries of the world, including South, East and Southeast Asian nations. In particular, Strategy points out high significance of the alliance with the Philippines and Thailand, as well as the markets of these states. Vietnam, Indonesia, Malaysia and Singapore are positioned as important partners of the United States in the field of economy and security. ASEAN is presented as one of the central elements of emerging Indo-Pacific region (IPR) and a significant political platform "to promote a world order based on freedom" [14].

The concept of "Indo-Pacific region", which includes part of the Indian and Pacific oceans, covering South-East Asia, has replaced the traditional term "Asia-Pacific Region". In recent years, this concept has become frequent in strategic planning documents of the United States and India. Probably, the "alliance of four" will be a basis and backbone elements of Indo – Pacific Region (IPR): Japan, Australia, India and the United States. In the near future, countries of Southeast Asia can be connected to them, forming a kind of "second round-tour" of the Indo-Pacific region. By attracting these countries in order to form IPR they will connect subregion to a new megaproject, which probably claims to be an alternative to the Chinese Belt and Road. The fact that the United States, India, Japan and Australia are discussing their own infrastructure plan became known in February 2018. Thus, in the "alliance of four" economic development will be

placed on a par with security issues. Today, Trump's foreign policy style in relation to developing countries of the region is focused on building mainly bilateral relations. In particular special attention is paid to the development of relations with leading states: China, Japan, South Korea, India and Australia, and from developing countries - Indonesia, the Philippines and Vietnam.

Although ties between the Philippines and the United States went through a cooling period in the second half of 2016, they warmed somewhat after US President Donald Trump took office. He supported efforts of his Philippine counterpart in the war against the drug trafficking. USA has historically remained as a main ally of islands in the western world. Both countries are linked by broad economic, social and military relations.

According to the 2016 Census Bureau, about 4 million Filipinos live in the United States [15].

This is the second largest group among Asian Americans. At the same time, it is the largest Filipino diaspora in the world. Despite the ominous pre-election rhetoric against the United States (including a promise to close American bases within two years), President R. Duterte did not decide to reconsider or break close relationship with Washington. It is important to note that the pro-American orientation of the majority of Filipinos played a large role in this situation . The fact that one of the main factors of sustainable economic growth on the islands (over 6% per year) is Filipinos' remittances from the United States — about \$ 20 billion annually — remained a holding back moment for country's leadership [16].

However, authorities of the island nation have certain claims to Washington. In particular, they are dissatisfied with the fact that the United States supplies outdated military equipment and weapons to the Philippines. For Manila, it is not a secret that Washington's military assistance is often indicative in nature and is carried out in order to maintain its military presence in this country.

In April 2014, these two countries signed a 10-year Enhanced Defense Cooperation Agreement (EDCA), under which the US military was given a right to freely use the Philippine bases to deploy their forces. The EDCA reaffirmed all points of previous military agreements, including the Mutual Defense Treaty (August 30, 1951). In January 2017, US plans to modernize five Filipino military bases and build new buildings on their territory as part of EDCA were announced [17].

In the fall of 2017, Americans assisted the government forces for six months, freeing city of Marawi on Mindanao island from the ISIL militants. After this, the Philippines Minister of Defense announced that he would return to the previous schedule of Balikatan bilateral military exercises in 2018, after R. Duterte had considerably limited their scope.

In 2016, the volume of trade in goods and services of the United States with the Philippines was approximately \$27 billion, while export accounted for \$11 billion, and imports - \$16 billion. Thus trade deficit of America with the Philippines in 2016 reached \$5 billion. The Philippines ranks 31st among the country's trading partners. According to the US Department of Commerce [18].

Exports of goods and services to the Philippines in 2015 supported approximately 58 thousand jobs on these islands (among them 42 thousand due to the export of goods and 16 thousand due to the export of services). US foreign direct investment in the Philippines was \$6 billion in 2016, which is 9.4% more than in 2015. American companies are investing in industrial enterprises, non-bank holding companies and wholesale trade in the republic. Philippine FDI in the United States in 2016 amounted to 1.4 billion dollars, which is 20.5% more than in 2015 [19].

The United States has serious economic and commercial interests in Indonesia as well. This country is considered by Washington as a key to ensuring regional security due to its geo-

strategic position, since it is located at the intersection of vital international maritime transport routes. Relations between Indonesia and the United States as a whole are developing in a positive way. Position of Indonesian leadership seems to be important to Washington in solving political issues in the Asia Pacific, including territorial problem of the South China Sea. The United States and Indonesia signed a Comprehensive Partnership Agreement in 2010, and conducted the U.S.-Indonesia Strategic Partnership 5 years later. Hence the cooperation of two countries was extended to issues of regional and global importance [20].

Additionally the United States is a major supplier of military equipment in Indonesia, including Boeing AH-64 Apache and F-16 Fighting Falcon helicopters. As of January 2018, Indonesia is exploring the possibility of acquiring another 48 F-16 aircraft worth \$4.5 billion.

Over the past decade, trade between these two states increased by 53% to 25 billion dollars, while American exports to Indonesia almost doubled and amounted to about 6 billion dollars in 2016. At the same time the American trade deficit with Indonesia remains at \$13 billion. Main categories of US exports to Indonesia include soybean, airplanes, equipment, food products and animal feed, cotton. Export of US services to Indonesia has grown by more than 70% over the past decade and now stands at \$2.5 billion. Foreign Direct Investments (FDI) from US companies to Indonesia reached \$13.5 billion in 2015 - an increase of \$1.6 billion over the year. In 2016, Indonesia was the 35th largest export market for the United States, and while the United States - the fifth largest trading partner of this archipelago.

Indonesia, the development plan for sea transport of which "Indonesia-Sea Axis of the World" fits well with the initiative of MSR, is also of interest to Chinese investors. At present, Beijing has confirmed its willingness to participate in the construction of 24 seaports and 15 airports, as well as in construction of 1,000 km of highways, laying 8,700 km of railway tracks and the construction of a power station with a capacity of 35 thousand Megawatts [21].

Speaking about China, Myanmar plays an important geopolitical role in its "Belt and Road" project, because it participates in two significant transport corridors. Port Yangon in Myanmar has been declared an intermediate point of MSR. China implemented a major infrastructure project for the construction of an oil pipeline there, which made it possible to somewhat reduce its dependence on supply of Middle Eastern oil through the Strait of Malacca. Currently, oil from countries of the Middle East or Latin America flows through an oil pipeline to Kunming (China) after unloading tankers in the port of Chauphyu (Myanmar). However, the oil pipeline cannot become a fully-fledged alternative to the sea transportation of oil due to its relatively low capacity. In this regard, China is developing a plan to create an additional railway corridor from Chauphyu to Yunnan Province [22].

This country also participates in the organization of China - Myanmar - Bangladesh - India economic corridor (Fig. 5), which consists of two routes - land and sea. Concept of reviving this branch of the Silk Road was voiced during the visit of Premier of the State Council of China Li Keqiang to India in May 2013. According to experts, the total cost of this project, including road, rail, water and air routes, can be at least \$ 22 billion.

Main artery of this corridor is a land route - the Kolkata - Kunming highway, but a sea route is more competitive than the land route, since it shortens a distance from Sittwe (Myanmar) to Kolkata (India) by 1,328 km. By linking Kunming with the Myanmar port of Chou Phya, Bangladeshi Chittagong and Sonadia by road and rail, China provides access to the sea of its southern Yunnan province. As a result, it is possible to deliver energy from Africa and the Middle East, avoiding passage through the Strait of Malacca and the South China Sea.

Malaysia, due to its geographical position, plays a similar role in Chinese initiative. In this regard, it attracts increased interest from Chinese investors, as the Maritime Silk Road passes through the Strait of Malacca, and the expected increase in freight traffic will lead to an increase in demand for port services. Currently, China has invested heavily in four major port projects in

this country. Thus, in 2016, a consortium of three Chinese companies (Power China International, Shenzhen Yantian Port Group and Rizhao Port Group) signed a contract with a Malaysian partner to assist in the construction of a new deepwater port in the Malacca Strait - Melaka Gateway - worth more than 7 billion dollars. The project is scheduled for completion by the end of 2019.

In order to implement an ambitious project worth \$2 billion to modernize the port of Penang, the Chinese port operators Shenzhen Yantian Port Group Co and Rizhao Port Group Co established a joint venture with Malaysian company KAJ Development in January 2017. Upon its completion, the given port will be able to handle up to 100 thousand ships a year and thus unload other ports of the Strait of Malacca [23].

Project of the International Port of Kuala Linggi, designed to handle oil tankers, has raised about \$3 billion of Chinese investment. In the near future, the port will focus on bunker business . Currently, the port of Kuantan, which is mainly engaged in bulk cargo for nearby industrial areas, is expanding cargo and is building a new deep-water terminal to be used as a container port for cargo transshipment. The port is managed by Malaysian-Chinese consortium Kuantan Port Consortium Sdn Bhd as part of the local IJM Corp. (60%) and Chinese Guangxi Beibu Gulf International Port Group (40%). The consortium has a 30-year concession to manage, operate and develop the port. Chinese investment in modernization amounts to \$177 million [24].

Obviously, these planned projects will bring great economic dividends to Malaysia, but are likely to have a negative impact on Singapore and its development prospects. New Malaysian ports will be more competitive, which will lead to a decrease in the volume of container cargo handling in Singapore and a decrease in its attractiveness as a global transit hub. But in any case, it will be beneficial to Chinese business since it will allow to strengthen its influence and position in this developing state.

Conclusion

At the present stage of development of international relations, the Asia-Pacific region is one of the most important economic centers of the world. During the second half of XX century, China was one of the claimants to hegemony in the above mentioned region. Using various economic and political levers China gained more and more influence. After the PRC (ahead of Japan) became the second largest economic power in the world, the confrontation between the United States and China became much worse. And as a result of the Asia Pacific, in particular, Southeast Asia has become one of the epicenters of this confrontation.

The American response to the growth of Chinese influence in this region and its expansive policy was not a mirror. Despite the superiority of the American economy on a global scale, Chinese economic influence even surpasses the American one in the Asian region. If we draw a parallel, the influence of China on countries of Asia Pacific is as strong as the influence of the United States in Latin America. One of the main steps that the United States is taking to implement is an establishment and expansion of military cooperation with key countries, as well as investment in the military infrastructure of the region. For instance, for the United States Vietnam has now become a country on which they rely in resisting the influence of the PRC. It can be proved with an agreements on military cooperation (consequently delivery and deployment of military-technical equipments as well as conducting military exercises) signed between the United States and several SEA states, including Vietnam. All of this are aimed at making it clear to the PRC government, whose side is occupied by the United States in territorial disputes (i.e. in the South China Sea), and also to demonstrate the firmness of American intentions. It is worth to note that the South China Sea nowadays is the most important commercial artery, and the lack of control over it for the United States, at least partially, will bring huge economic losses.

Economic part of the American policy is also of a great importance, since it is impossible to resist the growing influence of China, relying on using only military political mechanisms. It should not be forgotten that Trans-Pacific Partnership was a key American economic lever in Asia Pacific region. Despite the fact that Donald Trump has decided to withdraw from this agreement, there is a greater likelihood of the United States returning to participate in it. Summing up, today the US is not just forging military, political and economic cooperation with key countries of Asia Pacific at the bilateral level, but has plans to create a whole system of relations aimed at countering the growth of Chinese power in this supraregion.

The presented study was able to trace a huge difference in campaigns of these two powers, in defending their interests in the APR. If Chinese policy in relation to this region can be described as a policy of "economic expansion", and main methods used by Beijing include: investment, financial assistance and loans. Then in response to the growth of Chinese influence, a different approach was chosen by American government. Realizing its foreign policy strategy in this supraregion, the United States gives priority to military methods. Main mechanism resorted to by the US government was an establishment of military cooperation with several countries in order to use them to counteract the growth of Chinese economic and political influence. Which of the chosen strategies will ultimately be the most accurate, cannot be said at the moment, but it can be stated unequivocally that each of them is efficient in its own way and is the most important lever in the struggle for influence in this supraregion.

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