

## **Editorial Note for JCEA 2021 Winter Special Issue: Old and new dimensions of asymmetric interdependence**

Laura-Anca Parepa<sup>1</sup>

### **1. Introduction**

This special issue of JCEA is devoted to emerging patterns of asymmetric interdependence in Asia-Pacific. The goals of this issue are twofold. On the one hand, it seeks to explore modalities and mechanisms through which states can develop and exploit different dimensions of asymmetric interdependence in their bilateral relations and expand their influence and control over networks of interdependence. On the other hand, it aims to understand the factors facilitating or constraining the use of new dimensions of asymmetric interdependence as political leverage and the outcomes and implications of such endeavours.

Although economic interdependence was often seen as a driver of cooperation and peace, recent regional and global dynamics changes come to question such a perspective. These transformations are generated by the rapid advancement of China towards the status of global power, the rise of an assertive Russia on the world stage, the shift eastwards of the gravity of economic power and the contest for supremacy between the US and China. These developments are accompanied by the strategic manipulation of the asymmetric interdependence by those countries engaged in a context for regional and global influence and willing to maximize their autonomy or even erode the current international order.

Thus, the actual international context raises doubts about the assumptions that promoting economic interdependence and integration in Asia-Pacific and beyond will limit incentives for conflict and facilitate a stable and cooperative environment. Such assumptions are based on the

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<sup>1</sup>Laura-Anca Parepa (parepa@tsuda.ac.jp) is a Specially Appointed Researcher at the Institute of Policy Studies and a lecturer at the Department of Policy Studies, Tsuda University, Japan. Before joining the academic field, she worked in the field of defence cooperation and diplomacy in Asia. Her current research related to asymmetric interdependence and security is supported by a JSPS KAKENHI Grant number 19K13619.

liberalist argument that increasing flows of goods, investments and people and growing access to trade, technologies, and resources create solid and complex linkages between states, making them more willing to avoid conflict-prone behaviour (Friedberg, 2005).

Although this special issue was not intended to focus exclusively on China, all contributions examine in a way or another the Chinese behaviour or initiatives in the context of asymmetric interdependence. This indicates a growing concern and interest to understand Chinese behaviour in international relations. It can be explained by the fact that the magnitude of Chinese economic power inevitably allows China to position itself as a hub for different economic linkages and creates asymmetries in most of its partnerships by tipping the balance in its favor.

Thus, the current number reflects a renewed academic interest regarding the role of asymmetric interdependence in international relations aiming to explore the significant transformations taking place at the regional and global levels by blending old and new theoretical approaches.

The present number includes eight original papers from various disciplinary fields arranged in alphabetical order according to the family name of the first author. The articles investigate theoretical and empirical dimensions of the asymmetric interdependence in particular settings contributing to a deeper understanding of how and with what implications states exploit asymmetries existing in their partnerships to pursue and achieve their strategic goals.

While the idea that asymmetric interdependence is a source of power in interstate relations and an instrument of statecraft is far from being new, the contributions included in this number shed light on an array of less explored issues and recent trends. Based on their focus, they can be divided into three main categories:

(1) Articles tackling new dimensions of asymmetric interdependence, such as renewable energy statecraft and supply chains. In this category are included the work of Stephen R. Nagy and Hanh Nguyen titled "Asymmetric interdependence and the selective diversification of supply chains" and the work of Daniel de Oliveira Vasconcelos titled "Renewable energy statecraft and asymmetric interdependence: how the solar energy industry is wielding China with geopolitical power".

(2) Articles addressing existing research gaps, such as small countries and middle power behaviour within an asymmetric partnership, and the implications of economic interconnectivity on the prospects of conflict. Here are included the work of Viktor Eszterhai and Hnin Mya Thida, "Strategic Choices of Small States in Asymmetric Dependence: Myanmar – China Relations through the case of the Myitsone Dam", the article of Alica Kizekova: "Taking stock of Australia's asymmetrical relations with China: interdependence, tensions, and new dimensions", and the piece written by Marcin Grabowski and Niall Duggan: "Donald Trump Presidency and the Transformation of Sino-American Relations: Does Asymmetric Economic Interdependence Matter?"

(3) Articles, which capture recent or ongoing trends in particular relations, such as the competition and coordination in the Sino-Japanese relationship, the Sino-Russian hybrid alliance and political risks concerning BRI-related projects in Myanmar. Here are included the work Marco Zappa: "Japan's "Last Hope": Myanmar as an arena for Sino-Japanese competition, coordination and global standardization", the article of Gracjan Cimek "A new epoch of Sino-Russian relations and their regional and global influence" and the work of David Morris "In the middle of a perfect storm: political risks of the Belt and Road project at Kyaukphyu, Myanmar".

Before briefly introducing each contribution, I will provide a short overview of how the concept of asymmetric interdependence evolved and its new dimensions so that the readers can easily locate the articles within the broader framework of the academic scholarship.

## **2. Asymmetric Interdependence in International Relations: a brief review**

Although asymmetric interdependence is a concept that originated in the field of political economy, nowadays is shared by various disciplines ranging from international relations, geo-economics to studies on statecraft, security or conflict. Within the existing literature, asymmetric interdependence was often described as a source of power, an instrument of economic statecraft and more recently as a tool of the "war by other means".

More than half a century has passed since the first studies on the use of asymmetric interdependence as a source of power in international relations. Hirschman (1945) was the first to emphasize that imbalanced economic relations, particularly trade, can have significant political consequences, particularly when a predatory state is involved. His work represented a fundament for future contributions brought by Cooper (1968, 1972). Economic interdependence implies that states have to "give up" a part of their national autonomy by allowing space for mutual compromise, which creates a potential for political leverage.

The idea that economic interdependence has several positive impacts, but it also brings vulnerabilities was further discussed and developed by Robert O. Keohane and Joseph S. Nye, Jr. In the 1970s, they established a framework of complex interdependence to explain power relations better. Interdependence was defined as a situation of "mutual dependence", "characterized by reciprocal effects among countries or actors in different countries." (Keohane & Nye, 2012, pp. 7-9). They acknowledged that increasing economic interdependence between states leads to different degrees of economic dependency. Accordingly, interdependence can be observed along two-variable sensitivity understood as the "degrees of responsiveness within a policy framework", and vulnerability understood as an "actor's liability to suffer costs imposed by external events even after policies have been altered" (Keohane & Nye, 2012, pp.10-11). These vulnerabilities can act as a source of power for the less dependent state, and manipulating such asymmetries become a valuable resource for one part willing to achieve leverage in interstate politics. Only in the situation of symmetrical interdependence - which means that two states are equally dependent upon each other - the risk of political leverage is null. Consequently, those states willing to maximize their autonomy and influence in interstate relations will seek to

gain disproportionate leverage over others by fostering asymmetries in their economic partnerships (Wright, 2013).

The issue of asymmetric interdependence was also linked in the literature with the notion of economic statecraft. Economic statecraft implies the use of economic instruments to promote national interests and influence the behaviour of another state to achieve desired ends, other than economic ones (Baldwin, 1985). Effective economic statecraft is based on the existence of an interdependent relationship, so that states can use either coercive means or inducements to achieve desired results (Baldwin, 1985; Norris, 2016). Accordingly, the efficiency of rewards and punishments is related to the degree of interdependence between players (Rosencrance, 1981).

In general, the ability to influence the behaviour of other states through economic statecraft was often seen mainly as an attribute of great powers, with little attention given to the ability of middle powers or small states to make use of such instruments (Kahler & Kastner, 2006).

The rapid spread of new technologies and communication systems, the internationalization of business and the growing integration of capital and financial markets that we have witnessed in the last decade have created new domains in which asymmetric interdependence can arise. In the last few years, the use of economic instruments to pursue strategic goals was framed as "war by other means" (Blackwill & Harris, 2016).

Emerging scholarship has acknowledged that in an interwoven world, states attempt to maximize their autonomy not only by employing traditional economic tools (e.g. trade instruments, FDI, restrictions, sanctions, etc.) but also by supporting or directing domestic entities, be they public or private, to "conquer industries of the future" and achieve technological superiority (Luttwak, 1999; Blackwill & Harris, 2016).

In addition, states might develop and exploit in their partnerships new dimensions of asymmetric interdependence – such as technological, financial, scientific, energetic – and can make use of expanding networks of interdependence – such as production and supply chains, monetary and capital flows, communication or energy – to fulfil their geopolitical goals. As a result, asymmetry develops not only at the aggregate economic level and in sectorial domains but also across specific networks. Farrell and Newman (2019) have shown that interdependence across economic networks of trade, finance, digital communication or energy can produce mutual benefits, but also will provide those countries located in crucial positions and controlling the nodes of such networks significant opportunities for political leverage. In this context, states in critical positions can weaponize particular networks for their benefits by transforming them into a source of coercion aiming to cut the access of third parties, control the information flows, gather critical data or manipulate prices.

In a profoundly globalized economy, "weaponizing interdependence" allows states to control a wide range of items from services, critical materials, key products, technology transfers, energy flows to networks of infrastructures and prices (Van de Graaf & Sovacool, 2020; Farrell & Newman, 2019). As a result, these new dimensions of asymmetric interdependence have more relevant geostrategic implications as they can affect not one but several countries simultaneously.

### **3. The Articles**

The first article of our special number written by Gracjan Cimek explores the Sino-Russian relationship by focusing on two main concepts, "hybrid alliance" and "new epoch". The author argues that the process of building a "classic alliance" between Russia and China was hindered by the multidimensional interdependencies existing between them and the West following a long period of "capitalist globalization". Facing perceived challenges from the West, their rapprochement became a strategic necessity for both. It paved the way for a "hybrid alliance" based on mutual benefits, shared values and distinct advantages. Although such an alliance offered them a framework to pursue national interests while coordinating specific foreign policies, it doesn't imply a clear security commitment, nor does it automatically guarantee mutual support. The provision of assistance is intertwined with the regional and global dynamics allowing them to navigate the instability of the external environment. The importance given to the use of economic instruments by both countries can be observed through their joint efforts for de-dollarization, alternatives to international payment systems, digital and technological cooperation, etc. In such context, hybridity is considered by Cimek as a double-sided structural factor because, on the one hand, it can constrain the use of asymmetric interdependence as political leverage by the US toward China and Russia. Still, on the other hand, it can provide them with an increased ability to use economic tools against other countries. By examining some of their joint initiatives, Cimek highlights their geo-economic and geostrategic character, concluding that in the long-term, the Sino-Russian "hybrid alliance" can signal their intention to build a new multipolar international order.

In the following article, Viktor Eszterhai and Hnin Mya Thida address one of the research gaps in the existing scholarship by focusing on a less explored dimension of asymmetric interdependence. Accordingly, the current literature tends to see smaller states involved in an asymmetric relationship of interdependence as passive actors lacking the means and ability to alter the behaviour of their more powerful counterparts. The vulnerability stemming from such a relationship left small states little room for manoeuvre. Eszterhai and Thida challenge the mainstream view by performing a rigorous analysis of the China- Myanmar asymmetric relationship between 1988 - 2020, complete with twelve interviews and the Myitsone Dam case study. They illustrate that small states have the possibility and can alter the dominant actor's behaviour to a certain extent. This ability is influenced by several factors such as chosen strategy, the degree of leeway, weakness of central government or internal challenges. Their article pays particular attention to various micro-strategies that can be embedded within the macro strategic level. Among these micro-strategies that small countries can employ to leverage

on the dominant actor, manipulating interconnectivity was identified as a successful one in the case of Myanmar. The conclusion that within the traditional balancing and bandwagoning strategies, smaller states have a practical toolkit to shape the behaviour of more powerful states through mixed strategies provides a solid basis for future research.

The following work written by Grabowski and Duggan questioned the relevance of asymmetric interdependence within the complex Sino-American relationship. They examine the relations between China and the US during the presidency of Donald Trump by focusing on a less explored issue in the existing academic scholarship: precisely how the interconnected nature of the Chinese and the US economies might impede or facilitate the prospects of conflict between the two actors. Undergoing an analysis of trade in goods and services, through the lens of sensitivity and vulnerability - two variables of complex interdependency theory of Keohane and Nye - the authors argue that the deeply interconnected nature of the Sino-American relationship let both countries with only two options, either to cooperate or to accept significant losses in both sides. The policy of engagement promoted by the previous US administration between 1978-2000 toward China is considered by Grabowski and Duggan as a structural factor that constrains the American policy response to China's growing status in the global economy. The authors conclude that the scale of economic interdependencies not only "limits the scope, intensity and length of a trade war" but have significant implications for the policy options of the Biden Administration.

Alica Kizekova shed light on the ups and downs of Australia - China relations by exploring how their engagement evolved from one of mutual benefits and complementarity to one marked by tensions and action-reaction dynamics. Her article provides a helpful insight regarding the modalities in which middle powers can tackle the use of economic coercion stemming from asymmetric interdependence in a relationship with a rising great power. Kazakova sees interdependence as a moderating factor in the Sino-Australian relationship. She emphasizes that the vulnerability created by the asymmetric relationship with China did not make Australia compliant, but it backfired. Rather than succumbing in front of economic coercion, Australia has sought to increase its status in multilateral frameworks that support the preservation of a rule-based order in Asia and beyond, and has reinforced its traditional reliance on powerful allies, such as the US and the UK through new security engagements, such as AUKUS. Thus, the article points toward the limits of economic coercion.

In the following contribution, David Morris approached the asymmetric relationship between China and Myanmar through the lens of political risk analysis. He examines the political risks associated with the Kyaukphyu Port project linked with the China-Myanmar Corridor of the Belt and Road Initiative. Although his paper is an interim assessment of the situation due to current constraints on the ground, Morris provides valuable insights based on a set of interviews with stakeholders and experts. He argues that the multiple risks associated with the China-Myanmar Economic Corridor cannot be simply linked only with the asymmetric character of their relationship. Still, they arise from regional and domestic dynamics as well. His finding shows that despite existing internal challenges and dysfunctional governance, Myanmar was able to develop strategies to manage existing risks and retain agency in the relationship with

China by re-negotiating the control and cost of the Kyaukphyu project. Such findings come to complement those of Eszterhai and Thida, reinforcing the idea that even those small states entangled in an asymmetric relationship with a much stronger player can maximize their opportunities and identify niches and instruments that can be used as leverage. The indicative risk management framework that Morris creates and applies to the Kyaukphyu project case study offers three scenarios ranging from the best to the worst and represents a good starting point for broader research on the emerging risks associated with investment projects BRI and not only.

In their article, Stephen R. Nagy and Hanh Nguyen tackle the timely issue of the supply chain concentration in China and its implications. Framing the over-concentration of supply chains as a form of asymmetric interdependence, which can provide China with increasing leverage, they explore the countermeasures adopted by several countries to minimize the potential negative impact arising from this situation. The authors point out that despite growing vulnerabilities created by such over-reliance and a growing discussion about decoupling, many countries have adopted strategies for diversification but continue to avoid a completely decoupling from China. One of the primary explanations is that China remains a profitable market and a critical manufacturing hub for many countries. Through a rigorous analysis focusing on the drivers and challenges to supply chain diversification, Nagy and Nguyen emphasize that the diversification process is not free from problems. The viability of establishing diverse and resilient supply chains is impeded by structural factors arising from inadequate and insufficient capacity and capabilities of alternative hubs, financial impracticability of some solutions, and still advantageous conditions provided by China. They conclude that countries will likely pursue a "China plus one" strategy that allows them to hedge against various risks while still benefiting from specific economic operations in China.

The following contribution written by Daniel de Oliveira Vasconcelos provides a valuable analysis of the renewable energy statecraft by focusing on China's solar photovoltaic industry. Having as a starting point the argument that new energy sources wield significant geopolitical implications, the article challenges the existing arguments that renewable produce mutual dependence and lead to a decentralization of supplies. The author creates an analytical framework built on the energy statecraft scholarship and undergoes an in-depth examination of the structural factors that allowed China to achieve asymmetric interdependence in the solar PV sector. The article illustrates that China's nodal position in the solar energy sector on manufacturing capabilities, international trade networks, and supply chains offers an increased ability to exercise effective leverage over its counterparts if necessary. Chinese growing involvement in electricity transmission and distribution systems for renewable energy can be seen as a further attempt to strengthen its vital position, maximize its leverage while boosting its autonomy in the renewable energy sector. Vasconcelos points out that while China's pivotal role can bring significant risks for other states' energy security, it is less likely that China will seek to weaponize its capabilities in the short term. Contrary, by emphasizing its positive contribution during the transition to a low-carbon energy system, China can accumulate soft power and increase its image of a responsible power.

Last but not least, the article written by Marco Zappa brings to the fore once again a new case study from Myanmar. Rather than focusing only on the China-Myanmar relationship as previous contributions, Zappa sees Myanmar as a stage for geoeconomic competition between China and Japan. Against the backdrop of economic and technological asymmetries characterizing its relationship with Japan and China, Myanmar has sought to manage the potential vulnerabilities by balancing the existing Sino-Japanese rivalry. The article investigates the interplay of Chinese and Japanese initiatives in Myanmar with a particular focus on territorialization strategies for economic development. By examining the case of the Thilawa Special Economic Zone - which becomes a model for the further development of Special Economic Zones with China - Zappa provided a compelling analysis of similarities between Chinese and Japanese strategic use of aid and FDI, their methods, aims and discourses. The main argument is that despite their competing geopolitical strategies, China and Japan promote initiatives that can be defined as relatively coordinated rather than conflicting and share the preference for a similar pattern of cooperation.

#### **4. Final Thoughts and Acknowledgements**

While the current issue is not exhaustive, the selected articles undoubtedly contribute to a deeper understanding of the scope, role, and implications of asymmetric interdependence in international affairs. They enrich the existing empirical and theoretical knowledge and provide a sound basis for future research and a valuable resource for those interested in Asian affairs and not only.

Although the authors examined different dimensions of asymmetric interdependence in employing various analytical frameworks and theoretical approaches, there is a relatively common understanding regarding the potential risks that can stem from the shifting balance of economic power and challenges toward the existing order, which requires further attention and analysis.

Before ending my editorial note, I will like to thank all authors for their hard work, patience and seriosity in applying the reviewers' pieces of advice. I also wish to thank all the anonymous reviewers who took their time to read and provide valuable feedback and constructive recommendations in helping the authors to improve their contributions. Last but not least, I would like to express my gratitude to the Editor-in-Chief, Prof. Dr Han Woo Park, for entrusting me with the task of Guest Editor and to the Managing Editors Leslie Tkach-Kawasaki and Felicia Istad, as well as to all editorial team. The number would not have been possible without their continuous support and assistance during all editing and publishing processes.

Finally, I hope that our readers will find this special number interesting and valuable for their endeavours.



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