

THE YEAR OF OPPORTUNITIES—AND RISKS—FOR ASIA

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2022 confirms that Asia will be one of the planet's hubs, where great tensions and opportunities, risks and fractures are concentrated, where important trends are confronted and amalgamated.

2022 will be a year of potential political changes in many Asian countries, bringing as well a confirmation of the current situation. There will be several presidential elections (Philippines, South Korea and East Timor), legislative (Australia and Japan) and local (India). Regardless of their results, the strategic lines of those countries, will remain the same. Even powerful and threatening China will see changes in the perspective of the Communist Party Congress.

However, a new calendar year does not mean a clear break with the past. Some of the main events of 2021, such as the coup in Myanmar and the takeover by the Taliban in Afghanistan, will continue to impact in 2022. And, for the third consecutive year, the COVID-19 pandemic will loom over all other events. 2021 began with the launch of vaccines and the hope of post-pandemic normality; the year ended with the Omicron variant which once again closed the borders, and by 2022, all of Asia-Pacific will have to balance health precautions with the protection of its economies.

It is useful to start talking about the USA, a true hegemonic power still on the chessboard, even if increasingly undermined by Chinese pressure. The second year of the Biden administration should see an even greater emphasis on the Indo-Pacific region (and a consequent decrease in the importance of Europe and the Middle East, albeit with notable exceptions, like Ukraine and Iran).

2020 will see the publication of very important documents, such as the National Defense Strategy and the review of the National Nuclear Posture, which should be largely focused on the Beijing challenge. Relations will remain difficult, but the mid-term legislative elections in the US and the 20th Congress of the Communist Party of China should create sufficient incentives on both sides for a "managed" relationship, though the points of friction will remain; the Biden administration will continue in its actions of trying to harness Chinese forces by focusing on the network of regional and sub-regional alliances and agreements—not only on specific areas (such as Taiwan), but also on ideological issues, such as human rights and the autonomy claims of East Turkestan, Inner Mongolia, and Hong King.

In this perspective, the alliance system for Washington becomes, even more than today, a critical element, especially with regard to Japan, South Korea, Australia and India. The Quad will continue to be pushed and promoted, and it is likely that Washington will aim at the qualitative and quantitative

expansion of this forum.

The other difficult point of the region, such as North Korea, will be observed by Washington with great attention, especially in the case of a conservative victory in the South Korean elections.

In addition to the stabilization of AUKUS, 2022 will see the absorption of the crisis with France (which is much more relaxed after the unionist victory in the third and definitive referendum on independence for New Caledonia, which secures its stay in the region and weakens substantially the notion that French Polynesia would follow the search for independence).

ASEAN, despite some internal criticisms, such as Cambodia and Myanmar, will remain another important partner for Washington in its confrontation with Beijing, but also for economic cooperation. In fact, given the economic (and demographic) dimensions of Asia, the economic dimension will be the other pillar of US actions.

Japan has serious difficulties, beginning with an ossified political leadership and a tired parliamentary alternation. But the pandemic, the demographic frost, the unresolved relationship with Korea, the ambiguous relationship with Moscow are all elements of uncertainty for Tokyo, which feels gravely exposed, despite a massive weapons program.

For geographic reasons and dimensions, tensions with China (the gravity of which is evidenced by the recent installation of a "red telephone" between the two capitals) remain central to Japan. Tokyo will confirm a foreign policy and cooperation centered on the US, and with Taiwan increasingly regarded as a sovereign state. Also, for Japan, the issue of the protection of human rights in China will remain a decisive element, even if it seems that (so far) Japan will not boycott the Olympic Games, a true symbolic moment for Beijing. Meanwhile, Tokyo is increasingly solidifying its ties with other countries, in anti-Chinese functions, such as the Quad and the Japanese participation at regional military exercises with US, Australians, British and French forces.

For South Korea, the presidential elections, which could see the conservatives win, would represent a further element of tension with North Korea. With nuclear talks between the US and North Korea still stalled, in 2022, Pyongyang will continue to enhance its nuclear and missile capabilities to strengthen its influence in denuclearization negotiations. In recent years, North Korea has been testing various missile technologies, including short-range ballistic missiles, cruise missiles, and submarine-launched ballistic missiles. North Korea has not (yet) crossed the "red line" set by the US— nuclear weapons tests or

ICBMs—but Supreme Leader Kim Jong Un has pledged to further develop the military capability of the North by using such capability as an element of deterrence to block temptations of “regime change” (in Washington, more than in Seoul).

Seoul also follows Tokyo's steps in strengthening its military apparatus, witnessing a feeling of insecurity, but its ever difficult relations with Japan are an element of weakness for the security architecture that the US has built since the 1950s.

In addition, South Korea's attention to Beijing is a matter of concern for Washington, both for reasons of economic interest and as an element of mediation in the face of North Korea's excesses. Since President Moon Jae-in officially proposed ending the 1950-53 Korean War at the UN General Assembly on September 21, 2021, Seoul and Washington have consulted on a draft for the declaration. However, amid the stalemate in North Korea-US bilateral talks and deteriorating US-China relations—both of whom are expected to co-sign such a declaration—no progress has been announced on the initiative, because of concerns about an end-of-war declaration, which hold that it could weaken the South Korea-US military alliance and the role of the UN Command (which has seen a significant increase in participating states and reactivation of others in recent years). The decision on whether to proceed with the end-of-war declaration will depend on the results of the South Korean presidential election in March.

With the opening ceremony on February 4, 2022, Beijing will become the only city in the world to have hosted both the Summer and Winter Olympics. But despite China's stern and repeated warnings against the "politicization" of the Olympics, the Beijing 2022 Games have taken on very important political connotations, with the focus, by a growing number of states, on long-standing protests over human rights violations against ethnic minorities, and in Hong Kong.

The US said in December that it would not send an official delegation to the Beijing 2022 Olympics because of human rights concerns. Australia, Canada, and the UK quickly followed suit. As if that weren't enough, China's organization of the Olympics will also be proof of its ruthless commitment to a zero COVID policy. Beijing won the Games at the International Olympic Committee votes, expecting great public relations success to showcase its wealth and influence on the global stage. But the events of the past two years suggest that China will face much more scrutiny during these Olympics than in 2008.

Beijing will face another important moment in the fall of 2022, when the Chinese Communist Party will hold its 20th Party Congress, in which it will promote a new list of leaders. Xi is expected to break the previous (even recent) pattern and get a third term as the CCP Secretary-General (the first mandate was in 2012). The big question, then, is whether Xi will allow an heir-apparent, at least initially, on the Politburo Standing Committee, signaling that he will step down in 2027; or whether he is looking for a role of "life leader." Linked to the confirmation or not of Xi, but not only, in the dynamics of power in Beijing, there are those linked to Taiwan.

Last December Nicaragua established diplomatic relations with Beijing and cut off those with Taipei, which has only 14 states left with which to (officially) have diplomatic relations. Beijing is convinced that it will be able to eliminate this residual diplomatic presence in mid-term (at least one a year). On the other hand, the trend of countries extending their unofficial relations with Taiwan (Lithuania, the Czech Republic, and Slovakia are the most recent examples) is likely to continue, defying pressure and retaliation from Beijing. Other European countries could follow in 2022, especially after a resolution by the European Parliament calling for ties to be strengthened with Taiwan. In particular, it will be necessary to see whether the EU or the US will take concrete steps towards free-trade agreements with Taiwan, long desired by Taipei but so far not taken seriously by either Washington or Brussels, because of concerns about Beijing's retaliations.

Alongside the diplomatic game, there is the military dimension, which actually remains worrying, with the continuous Chinese amphibious exercises and air and maritime show of force. China remains fully committed to absorbing Taiwan and refuses to rule out the use of force to achieve that goal if forced to (from its point of view). A Chinese invasion of Taiwan remains a low-probability event, but it would be potentially risky, even for Xi, if he remains the CCP leader, because failure of any sort will make it politically too expensive, as well as catastrophic.

Also, in India, there will be key elections in 2022 and with heavy indications on the general policy of the country. In addition to the presidential elections, several states (Goa, Manipur, Uttar Pradesh, Uttarakhand, Punjab, Himachal Pradesh and Gujarat) will elect local assemblies. The outcome of the Uttar Pradesh elections is the most important, as it is the most populous state in India (it holds about one fifth of the seats in the Indian federal parliament) and should provide useful indications on the political direction in the country, in consideration that that state is ruled by the nationalist BJP party, which also heads the federal government, and suffers from strong internal criticism for the economy and the management of COVID-19.

The disputed region of Kashmir will remain a hot-spot in Indian politics, as it affects relations with Pakistan (and to a secondary extent with China). The region, used as an electoral bastion by the BJP, and its belonging to India is the focal point of the patriotic narrative of India, a unifying element of an extremely complex, divided subcontinent. Even in this region, the elections for the local assembly will be an element of tension, given that they will be the first after the unilateral revocation of the autonomy of Jammu and Kashmir in August 2019 by the federal government (and which has further worsened Indo-Pakistani relations).

But the proximity of Kashmir to Afghanistan makes India concerned about possible infiltrations by terrorist elements from both Al Qaeda and IS. Here, too, China will remain the main concern for India's security and foreign policy. Several rounds of talks between Indian and Chinese military officers and diplomats over the situation in Ladakh (where there have been several clashes and a massive deployment of forces in the region by the two contenders) have not yet borne fruit. There is the possibility that India will push Russia, thanks to its historical proximity, to discreetly facilitate the repositioning of the opposing forces from the disputed points of Ladakh, as a prelude to a possible summit meeting (without further indications, it remains a mere hope).

India's other major concern with Beijing is China's growing presence and influence in South Asia. India can be expected to strengthen its economic diplomacy with its neighbors to counter China's growing presence in the region; and New Delhi has made progress in this regard in 2021, especially in Sri Lanka and the Maldives.

For Pakistan, there are many elements that mirror India, albeit with the important variant of the institutional weight of the armed forces, increasingly opposed to civilian leadership, and public opinion. With the victory of the Afghan Taliban, the challenge of Tehrik-i-Taliban Pakistan (TTP) has increased, and the Pakistani Taliban have increased attacks on official institutions, using their own sanctuaries in Afghanistan, even though the Kabul leadership has already said that the TTP does not exist in Afghanistan and that the issue is an internal issue within Pakistan.

For Pakistan, too, China is fundamental, albeit in a different sense, given the once good relations with Beijing are rapidly deteriorating due to the management of the China-Pakistan Economic Corridor (CPEC). The growing divergences emerging between Pakistan and China over the issue of payments, development costs, security threats and the increasing resistance of local populations, especially in the Pakistani province of Balochistan, risk leaving Pakistan without support, should it decide to break ties

with Beijing (given that the US would not fail to pay for its proximity to China).

2021 saw Pakistan fail to meet its payment deadlines, prompting China to withdraw funds, and even stop some projects. The CPEC slowdown has had a severe impact on Pakistan's cash-strapped national economy, as the country's trade deficit expands and foreign debt grows. Once hailed as a turning point for national development, CPEC has become an increasingly controversial topic in Pakistan, particularly around the port of Gwadar, where thousands of residents have called for local control of resources, which they believe will benefit exclusively China. It cannot be ruled out that Beijing may suspend work on the Gwadar port and related infrastructure projects, with a devastating impact on Pakistan, as the country's economy remains under pressure, and there seem to be no new avenues of financial support.

So far, no country in the world has recognized the new government of Afghanistan, the so-called Islamic Emirate of the Taliban, which was built in August 2021 on the very expensive ashes of the previous architecture. First of all, the Afghan problem, beyond the institutionalized violations of civil and human rights, is a problem of recognition, where both Russia and China, which have relations with the Taliban, are reluctant to let them sit at the UN. Western countries and the leadership of the UN link the offer of recognition to an "inclusive" (sic) government. This situation is linked to the enormous governance problems for the Taliban (who do not have any), as well as financing, given that the 9 billion dollars of the reserves of the central bank of the Afghan Republic, kept by Western financial institutions, are frozen.

The local branch of IS, the Islamic State of Khorasan (ISK), formed around 2015, despite heavy difficulties and conflicts with both the "official" Taliban and Al Qaeda militias, seems to be present in all provinces of Afghanistan and represents a threat to the Taliban themselves who do not have the ability to hold ISK in check nor to prevent incursions in the surrounding areas (which go as far as India and China [East Turkestan]).

A humanitarian disaster of epic proportions awaits that wretched country, linking itself to political and security challenges. These difficult political and economic conditions have mixed with a recent drought and early winter to set the stage for a colossal humanitarian catastrophe by 2022. According to the UNDP, a staggering 97% of Afghans could fall into poverty in 2022, as the economy contracts sharply. The UN emergency food aid agency, the World Food Program, has warned of the impending famine. For the Taliban, the inability to provide for the Afghan people can make it nearly impossible to rule the country. After the war that began in 1980, 2022 could be the worst year for Afghanistan.

Even for the former Soviet republics of Central Asia, the ramifications of the fall of Afghanistan are heavy and are linked to pre-existing complex situations, where Russia and China, allies and competitors at the same time, work hard to push any other influence out of the area. The US and Western presence and/or influence, somehow less visible because of the prolonged process of reducing NATO forces in Afghanistan (and after the summer disaster in Kabul), led to the building (by China) and/or rebuilding (by Russia) of influence, as in Moscow with the imposing push to spread again the use of Russian, which was greatly reduced from a vehicular language after the exodus of a large part of the Russian-speaking population; this decline of the use of Russian began after the end of the USSR, starting from 1991.

Kyrgyzstan's political system was shaped into the desired form by President Sadyr Japarov: an almighty president, a constitution, a parliament that poses no obstacles. In 2022, Kyrgyzstan will face major challenges, starting with the instability of the energy and gold markets, rising food prices, high unemployment and serious corruption.

As with Kyrgyzstan, energy (fuel price increases) and environmental (persistent drought) problems could become political problems with severe protests across the area, starting with Tajikistan (which borders directly on seething Afghanistan) and ending. with Uzbekistan. But for all these states, including the most distant Kazakhstan, Afghan developments impact the region. The once quiet, solid, rich (and maid of Moscow) Kazakhstan saw a sudden and very rapid change of scene at the beginning of 2022 with President Nursultan Nazarbaev (a relic of the Soviet system), who had managed to navigate between Russians, Chinese, and Europeans, was overthrown by a very violent popular revolt, ignited by the increase in fuel prices, but which seems to contain elements of fatigue of the local population because of the immovable leadership of the country.

The crisis of Kazakhstan, quickly solved by determination of Moscow, teaches how apparent-tranquility can end up, and how Russia learnt the lessons of Maydan, where a disastrous management of the local leadership originated a major shift for the Moscow security landscape after 1991 (another, also ignored, lesson of how Russia studies the past, and acts rapidly, is the Belarus file) with the entry of Ukraine in the Western sphere of influence. Russia, a peculiar presence in Asia, will work hard to defend its space; consolidate and, if possible, expand it.

For two decades, Central Asia's position on the map has made it important to the US, and this parameter has prevailed over a range of value-based concerns, not least democracy for national

security. This has allowed several of these states to have obtained repeated waivers from US sanctions related to civil liberties and human rights, but without major pressures. Now, these exceptions, also due to the ideological approach of the Biden administration, could be suspended and sanctions applied (with the ultimate result of bringing these states closer to the Russian orbit and the growing Chinese influence, in search of energy resources). As in Pakistan, local Islamist groups close to the Al Qaeda and IS spheres could find space and enjoy sanctuaries not particularly disturbed by the Taliban forces.

The stalemate continues in Myanmar. After the coup d'etat in February of last year, despite persistent civil disobedience, the resumption of armed uprisings in the border areas, and uncertain international pressure, the military junta seems willing to remain in power by playing on the divisions of international partners and seeking to take advantage of support from regional actors, starting with China, which seeks to weaken ASEAN, to keep Westerners away and to maintain solid economic control over important parts of the Myanmar economy.

At the closing ceremony of the Association of Southeast Asian Nations (ASEAN) Summit on October 27, 2021, Brunei handed over the presidency of the regional bloc to Cambodia. The small nation of Southeast Asia takes its toll in a potentially crucial year for ASEAN, which finds itself besieged by a series of pressing challenges. These include strategic competition in Southeast Asia, continuing tensions in the South China Sea, the economic fallout from the COVID-19 pandemic and the Myanmar crisis. There is another reason why the presidency of Cambodia will be closely observed: the very close ties with China would make Phnom Penh a Beijing agent within ASEAN, with all the consequences and risks of such a role. Thailand, in a prolonged state of crisis since 2014, should see elections in 2022 to return to stability and normality, contributing to the recovery of ASEAN credibility.

Political transitions are underway in Indonesia, the Philippines (where the progressive absorption of the Islamist insurgency in the southern part of the archipelago seems to be progressing well), Singapore and East Timor. But maritime security problems remain intact, leading to the consolidation of ties also between states which had open border problems and thus increased the military dimension of ASEAN, hitherto exclusively economic. The architecture for trilateral patrols between Indonesia, Malaysia, and the Philippines to tackle piracy, illegal fishing, illicit trafficking and a series of transnational crimes had begun to be built before COVID-19, but progress slowed as the pandemic broke out. However, the three sides still held dialogues and consultations on how to proceed and expand their cooperative work.

Indonesia's regional and global leadership will also be in the spotlight in 2022. Indonesia (which will host the G-20 Summit) has nonetheless shown its leadership role on some key issues in recent times which affect its national interest, such as maritime economy, or the situations in Afghanistan, after the US withdrawal, and in Myanmar, after the coup, or Thailand for the political blockade.

The Australian federal election is perhaps the most important event for the sub-area, given the ripple effect it will have on other key issues in Oceania in 2022. Although there is no confirmed date, the elections will be held between March and May. With major contenders battling over important issues, such as climate change, how to interact with China and, more broadly, what role Canberra should play on the international stage, the outcome of the vote will have significant implications not just for Australia but for entire Oceania, given the importance that this country has on the chessboard.

The current conservative government has had several setbacks (of its actions and of image), leaving aside the painful management of the AUKUS pact, the equally negative ones of wildfires, floods and COVID. If Labor achieves an electoral victory, there will be a major shift on key issues, in particular climate policy and migration. The only thing that should remain unchanged, if not accelerated, will be the massive rearmament of the armed forces, and the determination to face China, in every field and area (especially in the South Pacific).

Many Pacific Island countries have handled the pandemic well, with only a handful of cases or none; but their economies have been shattered because of the region's reliance on a narrow range of external sources of income, particularly tourism. The mineral riches of many islands (starting with precious nickel) and their institutional events have long been at the center of Beijing's attention, which has consolidated the cooperation of various players, such as the USA, Australia and France.

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