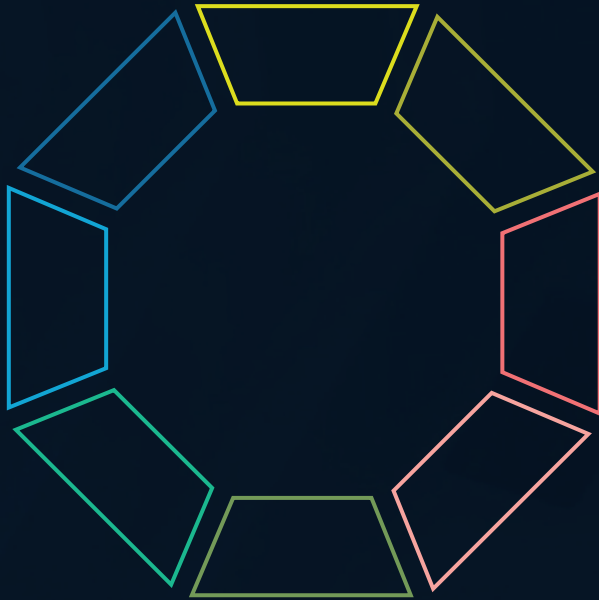




LOWY INSTITUTE
ASIA POWER INDEX

2018





MEASURES OF POWER

Economic resources	
Military capability	
Resilience	
Future trends	
Diplomatic influence	
Economic relationships	
Defence networks	
Cultural influence	

EXECUTIVE SUMMARY

The 2018 Lowy Institute Asia Power Index ranks 25 countries and territories — including the United States as the major external player in Asia — in terms of their power.

Key findings from the inaugural 2018 Index include:

- The United States remains the pre-eminent power in Asia.
- China, the emerging superpower, is rapidly closing in on the United States.
- Japan and India share major power status: Tokyo is a smart power, while New Delhi is a giant of the future.
- North Korea, Russia and Taiwan are misfit middle powers in Asia.
- Singapore, Australia and South Korea are overperformers in the region.



POWER IN THE ASIAN CENTURY

Global wealth and power are shifting eastwards.

Three of the world's four largest economies are in Asia, and the fourth, the United States, is a Pacific power. By 2025, two-thirds of the world's population will live in Asia, compared with just over a tenth in the West.

Asia's economic transformation is reshaping the global distribution of power, changing the way the region — and indeed the world — works politically and strategically. Just as significantly, tensions between Asian powers will define war and peace in the twenty-first century.

New tools are needed to track and understand the geopolitical changes at play.

The Lowy Institute Asia Power Index is an analytical tool that aims to sharpen the debate on power dynamics in Asia.

The Index measures power across 25 countries and territories in the Asia-Pacific region, reaching as far west as Pakistan, as far north as Russia, and as far into the Pacific as Australia, New Zealand and the United States.

The Index breaks down power into eight distinct measures, over 114 indicators, allowing variations in power projection to be measured within and between countries. Annual editions of the Index will track how the distribution of power in Asia shifts over time.

The Lowy Institute Asia Power Index is an analytical tool to sharpen the debate on power in Asia.

HOW IS POWER MEASURED?

For the purposes of this Index, power is defined as the capacity of a state or territory to direct or influence the behaviour of other states, non-state actors, and the course of international events. It is the capacity to impose costs and confer benefits that shape the choices of others.

A country's overall power is its weighted average across eight measures of power:



Economic resources

Core economic strength and the attributes of an economy with the most geopolitical relevance; measured in terms of GDP at purchasing power parity, international leverage, technological sophistication and global connectivity.



Military capability

Autonomous military strength; measured in terms of defence spending, armed forces and organisation, weapons and platforms, signature capabilities and Asian military posture.



Resilience

The capacity to deter real or potential threats to state stability; measured in terms of a country's geoeconomic security, geopolitical security and internal institutional stability.



Future trends

The projected distribution of economic, military and demographic resources in 2030, which play into perceptions of power today; measured in terms of GDP, military expenditure and working-age population forecasts.



Diplomatic influence

The extent and standing of a state's or territory's foreign relations; measured in terms of a country's diplomatic network, involvement in multilateral institutions and clubs, and overall foreign policy stewardship.



Economic relationships

The capacity of states or territories to exercise influence through economic interdependencies; measured in terms of trade relations, investment ties and economic diplomacy.



Defence networks

Defence partnerships that act as force multipliers of military capability; measured through assessments of alliances, non-allied partnerships and arms transfers.



Cultural influence

The ability to shape international public opinion through cultural appeal and interaction; measured in terms of cultural projection, information flows and people exchanges.

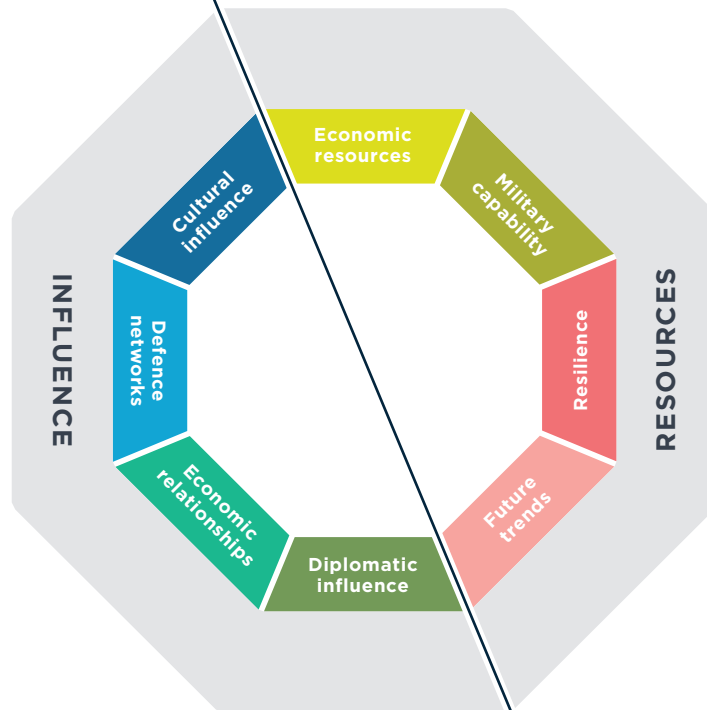


HOW IS POWER MEASURED?

The eight measures of the Index fall into two broad dimensions:

Resources measures

The first four measures of the Index – *economic resources*, *military capability*, *resilience* and *future trends* – provide assessments of a country's material capabilities and robustness, which are underlying factors in the exercise of power.



Influence measures

The other four measures of the Index – *diplomatic influence*, *economic relationships*, *defence networks* and *cultural influence* – assess a country's active levels of influence, principally in other Index countries, lending the Index its Asian focus.

RESULTS

OVERALL POWER RANKING

Rank	Country / Territory	Score
1	United States	85.0
2	China	75.5
3	Japan	42.1
4	India	41.5
5	Russia	33.3
6	Australia	32.5
7	South Korea	30.7
8	Singapore	27.9
9	Malaysia	20.6
10	Indonesia	20.0
11	Thailand	19.2
12	New Zealand	18.9
13	Vietnam	16.5
14	Pakistan	15.1
15	Taiwan*	14.9
16	Philippines	12.4
17	North Korea	11.4
18	Bangladesh	8.7
19	Brunei	8.2
= 20	Myanmar	7.6
= 20	Sri Lanka	7.6
22	Cambodia	6.1
23	Mongolia	5.0
24	Laos	4.8
25	Nepal	3.1



* Taiwan is included in the Index as a self-governing territory claimed by China



ECONOMIC RESOURCES

Rank	Country / Territory	Score
1	United States	91.7
2	China	91.3
3	Japan	32.9
4	India	26.8
=5	Russia	17.0
=5	South Korea	17.0
7	Singapore	14.8
8	Taiwan*	11.5
9	Australia	10.8
10	Indonesia	10.5
11	Thailand	8.5
12	Malaysia	8.2
13	New Zealand	6.1
14	Philippines	5.8
15	Vietnam	5.0
16	Bangladesh	4.2
17	Brunei	3.9
18	Pakistan	3.8
19	Sri Lanka	2.8
=20	Myanmar	1.8
=20	Nepal	1.8
22	North Korea	1.6
=23	Cambodia	0.7
=23	Mongolia	0.7
25	Laos	0.6



MILITARY CAPABILITY

Rank	Country / Territory	Score
1	United States	94.6
2	China	69.9
3	Russia	61.4
4	India	48.9
5	North Korea	35.8
6	South Korea	29.2
7	Pakistan	27.5
8	Japan	26.9
9	Australia	24.9
10	Singapore	22.3
11	Taiwan*	19.4
12	Vietnam	16.3
13	Indonesia	14.9
14	New Zealand	11.2
15	Thailand	10.8
16	Malaysia	10.5
17	Myanmar	7.2
18	Sri Lanka	6.2
19	Philippines	4.1
20	Bangladesh	3.2
21	Mongolia	2.5
22	Brunei	2.2
23	Cambodia	1.7
24	Laos	0.5
25	Nepal	0.3

RESULTS



RESILIENCE

Rank	Country / Territory	Score
1	United States	91.4
2	China	85.9
3	Australia	77.8
4	Russia	69.4
5	India	65.2
6	New Zealand	64.4
7	Indonesia	62.0
8	Malaysia	54.9
9	Japan	53.4
10	Thailand	49.1
11	South Korea	47.0
12	Vietnam	42.9
13	Taiwan*	39.2
14	Singapore	37.0
15	Bangladesh	36.4
16	Sri Lanka	35.4
17	Brunei	33.3
18	Philippines	32.2
19	Pakistan	28.5
20	Mongolia	24.6
21	Myanmar	23.1
22	Cambodia	20.9
23	Laos	20.5
24	North Korea	19.7
25	Nepal	13.3



FUTURE TRENDS

Rank	Country / Territory	Score
1	China	83.0
2	United States	60.0
3	India	55.6
4	Indonesia	11.7
5	Russia	11.4
6	Japan	8.8
7	Pakistan	7.6
8	South Korea	5.6
9	Bangladesh	5.2
10	Philippines	4.0
11	Vietnam	3.7
12	Thailand	3.5
13	Australia	3.2
14	Taiwan*	2.7
15	Malaysia	2.6
16	Myanmar	2.4
17	Singapore	1.4
18	Sri Lanka	1.2
=19	Nepal	0.8
=19	North Korea	0.8
21	Cambodia	0.5
22	New Zealand	0.4
23	Laos	0.2
=24	Mongolia	0.1
=24	Brunei	0.1





DIPLOMATIC INFLUENCE

Rank	Country / Territory	Score
1	China	89.4
2	United States	83.8
3	Japan	82.0
4	India	72.5
5	Russia	65.7
6	Australia	62.6
7	South Korea	60.6
8	Singapore	51.1
9	Indonesia	46.2
10	New Zealand	41.0
11	Vietnam	40.5
12	Thailand	37.7
13	Malaysia	37.1
14	Pakistan	31.2
15	Philippines	30.3
16	Sri Lanka	23.7
17	Bangladesh	23.3
18	Brunei	20.2
19	Myanmar	19.4
20	Cambodia	18.1
21	Taiwan*	17.0
22	Laos	14.4
23	Mongolia	13.7
24	North Korea	13.0
25	Nepal	8.2



ECONOMIC RELATIONSHIPS

Rank	Country / Territory	Score
1	China	94.9
2	United States	64.5
3	Japan	57.1
4	Singapore	44.5
5	Australia	25.6
6	South Korea	25.5
7	India	22.9
8	Malaysia	20.5
9	Thailand	20.2
10	Vietnam	13.4
11	New Zealand	11.8
12	Taiwan*	10.5
13	Indonesia	10.2
14	Philippines	8.9
15	Brunei	8.8
16	Russia	7.3
17	Myanmar	6.9
=18	Cambodia	6.8
=18	Laos	6.8
20	Pakistan	4.7
21	Sri Lanka	2.9
22	Mongolia	1.1
23	Bangladesh	1.0
24	Nepal	0.4
25	North Korea	0.0

RESULTS



DEFENCE NETWORKS

Rank	Country / Territory	Score
1	United States	89.6
2	Australia	69.7
3	South Korea	51.1
4	Japan	46.1
5	Singapore	40.6
6	New Zealand	39.3
7	Malaysia	33.4
8	China	24.7
9	Thailand	24.2
=10	India	23.2
=10	Russia	23.2
12	Philippines	22.6
13	Indonesia	18.5
14	Pakistan	16.2
15	Taiwan*	13.8
16	Vietnam	13.0
17	Mongolia	9.9
=18	Brunei	9.1
=18	Bangladesh	9.1
20	Cambodia	8.5
21	North Korea	8.1
22	Nepal	5.5
23	Myanmar	3.1
24	Laos	2.9
25	Sri Lanka	0.6



CULTURAL INFLUENCE

Rank	Country / Territory	Score
1	United States	93.9
2	China	49.5
3	India	42.9
4	Japan	40.8
5	South Korea	25.0
6	Malaysia	24.5
7	Australia	22.4
8	Thailand	21.3
9	Singapore	17.7
10	Russia	15.8
11	Indonesia	13.8
12	Vietnam	13.6
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23	Nepal	2.3
24	Sri Lanka	1.7
25	Mongolia	0.2

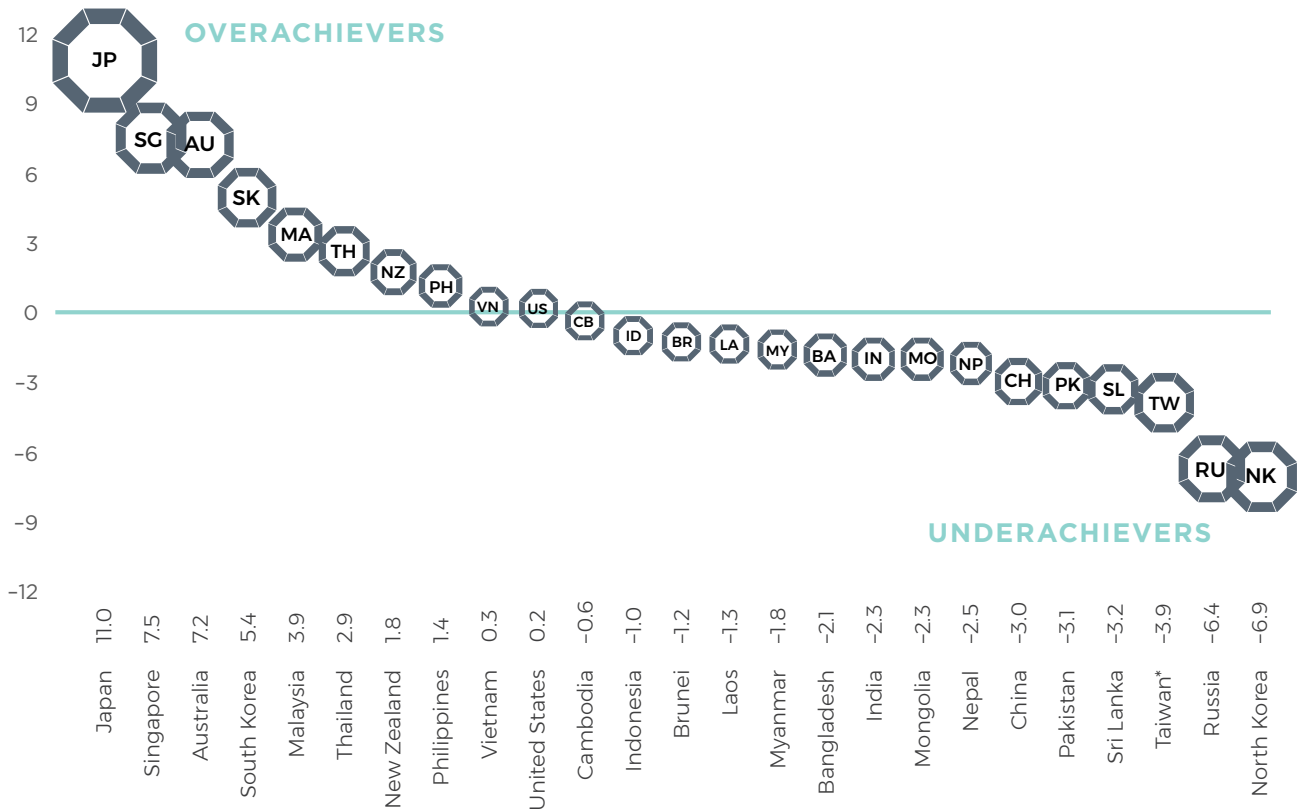


POWER GAP

Index countries can be overperformers or underperformers in Asia relative to their size and resources, irrespective of where they place in the rankings.

The Power Gap measures the difference between a country's overall power and what its power might be expected to be given its available resources. The difference between actual and predicted scores effectively reveals how well each country converts its resources into influence in Asia.

The extent to which each country's regional influence affects their overall power, either positively or negatively, is their Power Gap score. Countries with outsized influence relative to their resources have a positive Power Gap score. Conversely, countries that exert undersized influence relative to their share of resources register a negative Power Gap score.



KEY FINDINGS

1.

The United States remains the pre-eminent power in Asia.

The United States claims the top spot in five of the eight Index measures and a 10-point lead over China in overall power. The country retains the most powerful military force in Asia and is at the centre of a network of regional alliances that Beijing cannot match, reflected by a 65-point lead over China in *defence networks*.

The United States leads in *cultural influence* as the foremost source of news and media in the region and the preferred university destination for Asian students. Despite having a smaller economy at purchasing power parity, the United States effectively draws even with China in *economic resources*, in part because of the role of the US dollar as the global reserve currency and America's ongoing technological edge.

However, in terms of *economic relationships* the United States lags China by more than 30 points, the glaring weakness in US influence in Asia. US *diplomatic influence* in the region has also been damaged by nervousness about the Trump administration and its foreign policy decisions, including its withdrawal in 2017 from the Trans-Pacific Partnership. US political leadership in Asia is in doubt.

Most significantly, even if the United States continues to outspend China in military expenditure, *future trends* point to a relative decline in US power, with a second place finish only marginally ahead of India.

The United States retains the most powerful military force in Asia.

2.

China, the emerging superpower, is rapidly closing in on the United States.

Whereas US commitments are spread across the globe, China can concentrate its resources in Asia. The country holds a top-two position across all but one measure and ranks first in *economic relationships*, *diplomatic influence* and *future trends*. Projects such as the Belt and Road Initiative play to Beijing's strengths as the primary trade partner and source of foreign assistance in the region. By 2030, China's GDP is forecast to be almost twice the size as that of the United States at purchasing power parity. A large domestic market makes industrial-scale implementation of new technologies much easier to achieve.

Yet hurdles remain: China's ageing working-age population – set to decline by 42 million people in 2030 from 2015 levels – may presage



KEY FINDINGS

economic and societal challenges to come. China's *resilience* score is affected by active boundary disputes with its neighbours as well as a dependence on energy imports.

The state of China's military technology still favours maritime area denial over dominance and long-range force projection. And an underdeveloped *defence network*, ranked eighth in the region, means China is vulnerable to a military and strategic counterweight led by other regional powers. Nevertheless, China and the United States are now firmly established as peer competitors in Asia.

The power differential between these two superpowers and every other country in the Index is substantial. There is a 33-point gap in overall power scores between China and the next highest-ranked group – the major powers Japan and India. This gap is as large as that between Japan and Bangladesh, ranked 18th in the Index as a minor power.

By 2030, China's GDP is forecast to be almost twice the size as that of the United States.

3.

Japan and India share major power status but are moving in opposite directions.

Both countries are cultural powerhouses in Asia, falling within one point of each other in overall power and occupying a distinct tier eight points ahead of the most sizeable middle powers.

Tokyo is the quintessential smart power, using the country's limited resources to wield broad-based influence in the region. However, it underperforms in the resources measures, in particular for *military capability*, and its continued prospects as a major power fall markedly with demographic decline and a GDP growth forecast of just 12% between 2016 and 2030.

India is moving in the opposite direction. It ranks third for its aggregate resources score and is set to become the fastest-growing economy in the region, predicted to grow 169% between 2016 and 2030. It also stands to gain an additional 169 million people to its working-age population by 2030. However, the economic giant suffers from a poor track record of converting its sizeable resources base into strategic gain in Asia – despite New Delhi's 'Act East Policy'. It trails behind in the influence measures, most notably in *defence networks* and *economic relationships*.

Japan is a smart power, while India is a giant of the future.



KEY FINDINGS

4.

North Korea, Russia and Taiwan are the misfit middle powers in Asia.

They deliver inconsistent performances, with stark strengths and weaknesses, resulting in negative Power Gap scores.

North Korea breaks into the top five for *military capability*. Pyongyang's asymmetric power has proven an effective deterrence and disruption strategy against larger powers. Yet, belying its new-found confidence as a nuclear-armed country, North Korea remains a brittle state, its power concentrated in one measure. The country ranks 17th in the Index with near-zero scores in *future trends* and *economic relationships*.

Russia's Power Gap score, ranked second to last ahead only of North Korea, indicates its influence may be limited by its position on the geographic periphery of Asia. Moscow maintains defence consultation pacts with China, India, North Korea and Vietnam and has a degree of appeal in Asia through its English-language media. However, its performance across the influence measures is comparatively low relative to its strong fourth place ranking for its aggregate resources score.

Taiwan, a top ten economy in Asia, is a political rather than geographic outsider, with virtually no diplomatic recognition or allies in the region. Its inability to convert resources into tangible influence presents a major and long-term strategic vulnerability.

North Korea remains a brittle state, belying its new-found confidence as a nuclear-armed country.



KEY FINDINGS

5.

Singapore, Australia and South Korea are overperformers in the region.

They are all in the top ten for overall power, and wield more influence than would be expected from their military and economic size, resulting in positive Power Gap scores.

Singapore is a standout performer across the influence measures. The city-state, with a population of just 5.6 million, is highly networked and externally focused – achieving a fourth place ranking in *economic relationships*. However, Singapore's success and small size poses unique strategic challenges: its high dependence on global trade is a double-edged sword and, coupled with its geographic vulnerability surrounded by larger neighbours, explains Singapore's 14th place ranking under *resilience*.

All three middle powers have invested in strong *defence networks*, each placing in the top five for that measure. Singapore excels in broad-based non-allied defence partnerships, while Australia and South Korea benefit from their treaty alliances with the United States which act as a force multiplier for their autonomous *military capability*.

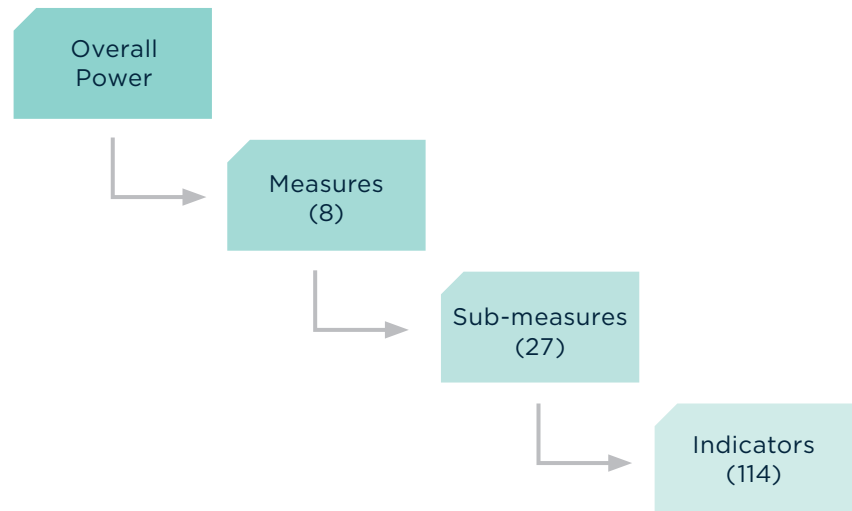
Singapore is highly networked but its success and small size pose unique strategic challenges.

Australia and South Korea also deliver strong and consistent performances in *economic relationships* and *cultural influence*. South Korea has well-developed trade and investment ties in Southeast Asia, and Australia serves as an English-language education hub for the region.



METHODOLOGY

The Lowy Institute Asia Power Index consists of eight measures of power, 27 thematic sub-measures and 114 indicators. Data was drawn from hundreds of publicly available sources and original Lowy Institute research.



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Quantifying state power presents several key challenges. First, the relative importance of factors determining state power is subject to debate. Second, it is difficult to obtain reliable and cross-comparable data across 25 countries.

The selection of indicators was driven by an extensive literature review and expert consultations designed to address these methodological hurdles. As such, each indicator represents a carefully selected proxy for a broader category of variables often more difficult, if not impossible, to measure comparatively.

The Lowy Institute has assigned a set of weightings to the measures, sub-measures and indicators that reflect its analysis of which components of power are most important. An innovative calculator on the digital platform of the Index enables users to adjust the principal weightings. The weightings calculator allows users to decide which measures of power they consider most important and reorders the rankings on that basis.

METHODOLOGY

An innovative calculator on the digital platform of the Index enables users to adjust the principal weightings.

The methodological framework of the Index is informed by the OECD's *Handbook on Constructing Composite Indicators*. A distance-to-frontier approach is used to compare a country's results with the best performing and worst performing countries in each dataset. The distance-to-frontier method allows for different indicators to be made comparable across a diverse set of metrics, while preserving the relative distance among the original data values. The method also reflects the notion that power in international relations is relative, measured as a comparative advantage in a given frame of reference.

The model underwent three stages of review. First, the analytical assumptions and findings were submitted through an extensive peer review process. Second, a team of fact checkers verified that the raw data points and their normalised scores were factually correct and drew on the latest available data. Third, PwC provided a limited integrity review of the spreadsheets and formulas used to calculate the eight measures of the Index.

A full methodology report for the Lowy Institute Asia Power Index, including a breakdown of indicators and weightings, can be downloaded from the methodology page of the website:

power.lowyinstitute.org/methodology.php





DIGITAL PLATFORM

The Lowy Institute Asia Power Index is available through a specially designed digital platform that maximises both interactivity with the data and transparency of the methodology.

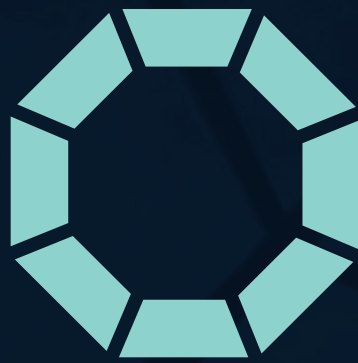
Dynamic features – including an interactive map, weightings calculator, country comparisons and drill-down explorations of each measure – establish the Lowy Institute Asia Power Index as an indispensable research tool for the study of power in Asia.

Explore now:

power.lowyinstitute.org

The Lowy Institute Asia Power Index is supported by the Lowy Institute's Engaging Asia Project, which was established with the financial support of the Australian Government.

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