Two-horse race
The US remains the pre-eminent power in the region. China lags by 10 points but, as the emerging superpower, is rapidly closing in. China’s steady capacity building has yet to erode the superior military capability of the US, boosted by an extensive network of allied partners in the region. But China leads in terms of economic relationships across Asia – an area of critical importance – while competition takes place below the threshold of actual conflict.

The gap between China, ranked second, and Japan, ranked third, is a startling 33 points – that’s the same difference as between Japan and Bangladesh, ranked in 18th place. Yet the index finds Tokyo to be the quintessential smart power, leveraging its dwindling labour force and near-stagnant economy to garner outsized diplomatic and cultural influence in the region. In fact, Japan is the most Googled country in Asia, generating particular interest from South-East Asian netizens.

Meanwhile, India sits cosily behind Japan in the overall power ranking, largely owing its fourth place to the sheer power of numbers – enjoying demographic dividends in particular. Adding an expected 169 million to its labour force between 2016 and 2030, India is a giant of the future.

Power can be judged in many ways. If the number of supercomputers is any indication of technological prowess, China’s 202 would dwarf Japan’s 35. If trade (export of goods and services) as a percentage of GDP is any indication of geo-economic vulnerability, then India’s comfortable (The Economist says “sluggish”) 40 per cent pales to Singapore’s 318 per cent. And perhaps Australian investments in New Zealand, almost threefold what it invests in all 10 ASEAN countries, signal where its closest commercial and cultural ties lie. Or take Indonesia’s economy, projected by 2030 to overtake both Japan and Russia, hinting at future players in a rapidly changing region.

Individually, these granular insights are interesting. Together, they form a far more telling picture. This is what we’ve aimed to do in the Lowy Institute’s Asia Power Index 2018. Released this year for the first time, the index has myriad facts and stats that together form a nuanced picture of vastly different countries and the relationships between them.

Designed to be a widely applicable research tool for policymakers, business and media, the index ranks 25 countries and territories according to the power they wield in Asia and is comprised of 114 indicators of power, across eight thematic measures. It reaches west to Pakistan, as far north as Russia, into the Pacific to Australia and NZ.

What the data delivers
While you might expect the US and China to lead the table, Singapore ranks eighth in the index. What Singapore lacks in size – as a city-state of only 5.6 million – it makes up for with an influential network of regional relationships. Prime Minister Lee Hsien Loong is ranked first among index country leaders for efficacy in advancing the country’s diplomatic interests in the region. Singapore also tops the rankings for political stability and government effectiveness, and its citizens have visa-free access to more than 80 countries.

North Korea also throws up some unexpected results. Despite its hermetic nature, the level of interest in North Korea has rarely been higher. Indeed, with suffocating political and economic isolation, an economy equivalent to Laos (but a population greater than Australia) and a measly rank of 17, it’s remarkable the extent to which Pyongyang commands the world’s attention with its nuclear weapons. However, the Trump administration’s high-level engagement with Kim Jong-un has obscured the position of considerable weakness that North Korea comes from. Aside from a top-five placement in military capability, North Korea flatlines on seven of the index’s eight key measures of power.

Eastward ho!
Out of the four largest economies in the world, three are in Asia. By the year 2025, Asia will house two-thirds of the world’s population, whereas the West will have just over 10 per cent of the global population. Indeed, the economic transformation of Asia is reshaping the global distribution of power and changing the way the world trades and engages with the region.

More information at power.lowyinstitute.org