

EXECUTIVE SUMMARY: U.S. FOREIGN POLICY RECOMMENDATIONS FOR ASIA

AMERICAN VIEWS

The Asia region needs urgent attention. Size matters and they have it. Asia contains over half the world's population, and six of its ten largest countries. It produces more than 30 percent of global exports, and controls a much larger share of the world's savings pool. It is there that we run our largest and most persistent deficits, and where we tap the gigantic Asian savings pools to finance our trade deficits and offset our puny national savings rate. In contrast to Europe, where EU integration has submerged the centuries-old destructive rivalries that spawned two world wars, in Asia, the nation-state system remains strong, balance of power considerations dominate thinking in most of the region's capitals, and America's relative power has been declining.

In Asia we face not the rise of a single new power, but several. China, Japan, India, and Russia are casting a longer shadow. It is in Asia that the interests of the Great Powers intersect most directly, and the most consequential emerging powers — China and India — are located. In 2007 China contributed more to global growth than America did — the first time this has occurred since the 1930s. India's economy is growing almost as fast as China's, and it is becoming an important source of entrepreneurial innovation. Iran may pose the most dangerous threat of nuclear proliferation, but North Korea presents the more urgent challenge since it has already tested a nuclear "device." Asia also contains the three countries — Indonesia, Pakistan, and India — with the largest Muslim populations. What then should be the key features of a plausible U.S. strategy toward Asia?

Our policy toward Asia starts at home. We need to augment the underpinnings of American competitiveness across the board, and we need to focus on the long haul. We must devote to Asian issues the attention and resources their intrinsic importance to the United States demands. **The operational rule for policy should be to maintain better ties with each of the other major powers than they can forge between themselves.** Such an approach can maximize American leverage while minimizing threats to our security and prosperity.

Transnational Recommendations:

- The health of the **U.S. economy is now tied to Asia** in fundamental ways that if not grasped quickly by the new administration could have unintended and potentially

adverse consequences. A number of **trade-related issues will need to be high on the agenda of the new administration**: namely, the restoration of fast-track negotiating authority, the completion of the Doha round, the ratification of the U.S.-ROK Free Trade Agreement, and determination of the weight to be attached to Asia-Pacific Economic Cooperation (APEC) in pursuing Asian trade initiatives. Neglect of these issues will deal a body blow to U.S. global economic leadership.

- Putting our approach to **counter-terrorism** in the Middle East and South Asia on a new strategic footing that neither overshadows nor underrates a host of other foreign policy challenges. The Global War on Terror was an unfortunate misnomer. It encouraged excessive emphasis on military force. It conflated a host of differing political forces whose interests often diverged. It persuaded some that the enemy was Islam, rather than a few misguided groups within Islam's ranks disposed to a permanent jihad against the "infidels." We should not lump potential Islamist enemies together; the goal is to divide them, and deal with them in a discriminating way.
- Clarifying the American role in **fashioning a regional community in Asia** from which we have remained relatively aloof. In Southeast Asia, the new administration should consider ways to **derive greater benefit from our relationship with ASEAN**. While China, Japan, India, Russia, and Australia all acceded to the ASEAN Treaty of Amity and Cooperation – a requirement for membership in the East Asia Summit — the United States remained a holdout. At the same time, China has energetically and successfully pursued closer ties with the ASEAN region; and Japan and India, among others, have actively followed suit.
- **Curbing the spread of nuclear weapons** at a time when the continued viability of the two-tiered NPT is under stress. We will have no possibility of persuading others to forego their nuclear ambitions if we are unprepared to **put more serious effort into reducing our own arsenal and modernizing the NPT**. And this will require visible changes in our nuclear policy – e.g., major reductions in our own nuclear arsenal, augmented efforts to enhance the safety and security of currently deployed weapons, some internationalization of the nuclear fuel cycle, a ratification of the Comprehensive Test Ban Treaty, etc. – which are worthy of exploration.
- The new administration would be well advised to modulate its rhetoric on promoting democracy and human rights. The United States can **promote respect for democracy and human rights most effectively by providing an example for others** to emulate — by keeping our doors open to Asians who seek access to U.S. colleges and universities; by strengthening our International Military Education and Training (IMET) programs; by encouraging the work of non-governmental organizations fostering judicial and political reform; and by lending our political and moral weight to wider respect for openness, diversity, and pluralism throughout Asia.
- It is already apparent that existing **global institutions are not configured in ways that accurately reflect contemporary power realities**. For example, the UN Security Council under-represents the emerging powers and excludes major global players such as Japan from a permanent seat; and the G-8 extends membership to

Canada, but not China; to Italy, but not India; to Russia, but not Brazil. The group's deficiencies should be remedied. To better reflect Asia's rising power, China and India should be included.

- Our **defense relationships in Asia are largely an inheritance from the Cold War**. Key partnerships with Japan, South Korea, and Australia continue to serve us well. Nevertheless, conditions have changed, and a review would be desirable to determine how well these legacy arrangements suit the circumstances we are likely to face over the coming decades in Asia.
- As Asian countries have accelerated their growth, their **skyrocketing demand for energy** and other resources has pushed up prices for scarce commodities, while **intensifying environmental challenges** related to water, forests, and, of course, the earth's atmosphere. U.S. leadership in this area has lagged as some questioned the scientific case for global warming and rejected the Kyoto protocols without offering credible alternatives. A central requirement will be a policy approach that is not perceived by the major developing states of Asia as a constraint on their future growth prospects.

Bilateral Recommendations:

- There has been substantial improvement in U.S. bilateral relations with **India**. Clearly the U.S.-India Nuclear Agreement was a keystone of that advance, and if it has not been ratified, the new administration must make an early determination whether it is sustainable.
- The picture in **Pakistan** is less promising. How to bolster the Pakistani military's effectiveness in bringing order to these remote areas without pushing them into an expanded political role; how to overcome domestic resistance to the provision of wider market access in the United States for Pakistani textiles; and how to subtly help Pakistan's civilian government weather the strains to which it is subject, will be among the key challenges for a new administration.
- In **Afghanistan**, security conditions have deteriorated at a time when North Atlantic Treaty Organization (NATO) countries are reluctant to volunteer additional forces. A new administration will have to devote more effort and resources to combating the drug trade by helping to cultivate alternative crops and working with the Government of Afghanistan to find an effective eradication method for poppies.
- Preserving a cohesive U.S.-**Japanese** alliance at a moment when more Japanese are asking tough questions about the reliability of our "extended deterrence."
- Retaining a constructive response to China's "rise." U.S. relations with **China** depend not simply on how we define our broad foreign policy goals, but on how we handle a host of China-related issues, including the economy and military modernization. Common sense would suggest that the United States should not presume to define China's defense needs. Given the sensitivity of the Taiwan issue in U.S.-China relations, the new administration needs to move promptly to reaffirm our position on

Taiwan and determine its approach to managing our important unofficial relationship with Taiwan.

- Capitalizing on recent election outcomes in **South Korea** and **Taiwan** to bolster the U.S.-ROK alliance and ease cross-Strait tensions.
- With **North Korea**, “Denuclearization” will have to be pursued by the next administration. It will not be easy. It will be important that the next administration not get off on the wrong foot on this issue, as the current administration did in 2001.