

ASIAN VIEWS ON AMERICA'S ROLE IN ASIA

The Future of the Rebalance

**STRATEGIC RECOMMENDATIONS FOR THE INCOMING
U.S. PRESIDENT ON FOREIGN POLICY TOWARDS ASIA**



The Asia Foundation



The Asia Foundation

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Foreword

The U.S. “rebalance” towards the Asia-Pacific region signals a recognition of the dramatic shift of economic, political, and strategic power towards Asia. The rebalance policy, announced in 2010, has provoked sometimes-heated debate and drawn mixed reactions in Asia regarding the policy’s motives and intentions. While Washington’s long-term interests and involvement in the region are generally welcome, the rhetoric from Washington has sometimes caused confusion in Asia. Most Asian nations want the United States to continue its long-standing, strategic balancing role, but they also welcome a rising China that can spur economic growth and development. Can the countries of the region have both without generating conflict and instability? And if so, how?

For more than six decades, a major objective of The Asia Foundation has been to foster understanding and dialogue between the United States and Asia in order to advance our mission of promoting a peaceful, just, and thriving Asia. The Foundation believes that if workable solutions to common problems are to be found, perspectives from both sides of the Pacific must be heard. Our extensive relationships and trusted partnerships enable the Foundation to engage a wide range of U.S. and Asian leaders, both inside and outside of government, who can provide these perspectives.

In 2016, the Foundation is proud to present the fifth in its series of quadrennial reports on America’s Role in Asia. In contrast to the great majority of Asia policy studies in the United States, which limit their inquiry to American views, this project emphasizes Asian views. This year’s Asian participants, who came together for a series of international discussions, comprise both established foreign policy luminaries and a younger generation of leaders, especially those from civil society and policy institutes. In addition to the chapters written by the project’s three Asian chairs, three young Asian leaders who participated in the workshops have contributed a chapter entitled “The Future of Asia,” in which they envision Asia’s future and the optimal role of the United States. A response from two American foreign policy specialists provides a U.S. perspective. While this report affords a timely opportunity for Asian voices to be heard in the United States on the subject of Asia, we hope that it will also

stimulate discussion among established and emerging Asian leaders on Asia's future and America's role.

Asian Views on America's Role in Asia: The Future of the Rebalance began with a series of workshops and discussions, convened by The Asia Foundation, that examined critical bilateral, multilateral, and transnational issues affecting Asia and the United States. Three groups of Asian policy specialists, led by Dr. Yoon Young-kwan, professor of international relations at Seoul National University and former South Korean minister of foreign affairs; Dr. Thitinan Pongsudhirak, executive director of the Institute of Security and International Studies at Chulalongkorn University in Thailand; and Dr. C. Raja Mohan, founding director of the India Center of the Carnegie Endowment for International Peace, gathered in Seoul, Colombo, and Bangkok to share their perspectives on U.S. policies and prospects in Northeast, South, and Southeast Asia. These discussions culminated in the papers assembled here, written by Asian and American scholars, and offering policymakers, businesses, and civil society leaders concrete recommendations for addressing the challenges and opportunities that lie ahead throughout the Asia-Pacific region.

The project's American task force was co-chaired by Dr. Harry Harding, University Professor at the University of Virginia, and Ellen Laipson, President Emeritus of The Stimson Center in Washington, DC. Their thoughtful response to the perspectives of the Asian chairs addresses issues, both regional in scope and specific to bilateral relationships, that the new U.S. administration will inherit in January 2017.

The Asia Foundation extends its gratitude to the five chairs, and to the project's three young Asian leaders, for their consideration, cooperation, and commitment to the project throughout 2016, and to all of the other participants whose views and perspectives are synthesized here. We would like to thank Carnegie Corporation of New York and the Korean-American Association for their generous financial support, and the Rockefeller Brothers Fund for their kind generosity in allowing the American task force to meet at the Pocantico Center. Finally, this project could not have been launched, much less successfully concluded, without the support of Asia Foundation staff in 18 offices across Asia, as well as our offices in San Francisco and Washington, DC. Particular thanks and appreciation are due to Alexandra Matthews, Nikki Penn, John Rieger, Nancy Yuan, Suzanne Siskel, Gordon Hein, Amy Ovalle, Eelynn Sim, Nancy Kelly, Dylan Davis, Min Bang, Kim McQuay, Poonsook Pantitononta,

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and Jenny Xin.

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Asian Views on America's Role in Asia

EXECUTIVE SUMMARY

As in much of the world, policymakers in Asia have been transfixed by the twists and turns of the 2016 U.S. presidential campaign. The contest between Donald Trump and Hillary Clinton has unexpectedly set the stage for a comprehensive discussion of America's post-war foreign policy—including its commitment to the global security system and a liberal trading regime. As the United States reexamines many of the traditional assumptions about its role in the world, Asian leaders are deeply concerned about America's long-term support for the liberal, global economic order and Washington's political will to sustain its longstanding international security commitments.

Faced with the forces of isolationism and economic nationalism, the United States must not shrink from its leadership role in the international order. The U.S. has been a major power in Asia for the past 70 years, a time of unprecedented and dramatic economic expansion and societal change that has transformed virtually every Asian nation and thrust the region as a whole into a position of global preeminence. Yet despite these advances, the countries of Asia are contending with a number of complex and potentially destabilizing international and internal challenges—from territorial disputes and nuclear proliferation, maritime piracy and human and drug trafficking, to corruption, rapid urbanization, environmental pollution, income inequality and poverty, aging populations, and natural disasters.

The Obama administration's "pivot to Asia" in 2011, later branded "the rebalance," produced many positive feelings across Asia towards the United States. According to the PEW Research Center, roughly two in every three people in the Philippines, South Korea, Vietnam, India, Japan, and Indonesia hold favorable views of the United States. Many Asian countries view the United States as a counterbalance to China. But while Asia may be hopeful that the U.S. will continue to guarantee the security and contribute to the economic prosperity of the region, there is concern that the next U.S. administration may waver in its leadership role.

From time to time during the 2016 campaign, there have been comments in the United States about ending the nation's security commitments in Asia. In our view, this would gravely harm both U.S. interests and the region, and would force Asian nations to seek other ways to guarantee their own security. Withdrawal of forces from Japan and South Korea would compel these nations to seek their own nuclear deterrents, making Northeast Asia a more dangerous place and seriously weakening the Nonproliferation Treaty regime. U.S. economic interests in Asia would be seriously damaged by the increased volatility of the security environment. War on the Korean peninsula, sparked by a North Korean misjudgment, suddenly might be plausible. Alongside these concerns, there is considerable anxiety in the region about the prospect and consequences of a complete American withdrawal from Afghanistan, and what effect that would have on regional security. In mainland Southeast Asia, the Mekong subregion is emerging as another arena of tension and conflict. And naturally, all eyes are on the South China Sea.

In addition, amidst new hope for continued economic growth and development across Asia, there is considerable concern about growing opposition to globalization in the West. The rapid decline of political support for the Trans-Pacific Partnership (TPP), and the idea of free trade more broadly, has been an unpleasant surprise for policymakers in Asia accustomed to U.S. leadership of the post-war, liberal economic order. Although just five of the 12 countries comprised by the TPP are in Asia, the pact's signatories represent 40 percent of the global economy. U.S. failure to ratify the TPP would repudiate the key economic ingredient in the Obama administration's rebalance, and cause many in Asia to question the United States' reliability. Although most Asian countries are not yet members of the TPP, they see the Republican Party's historic turn away from free trade, and the renewed temptations of economic isolationism within the Democratic Party, as major threats to their economic prospects.

Central to U.S. relations with Asia today is the rise of China. After 35 years of rapid economic growth since its reopening to the world in 1978, China is now the world's second-largest economy. Increasingly confident of its own economic achievements, China expects the United States, the rest of Asia, and the world to recognize its role and interests in global affairs. Beijing's increasing economic weight and expanding military capabilities are now translating into significant political influence throughout Asia. Its establishment of the Asian Infrastructure Investment Bank (AIIB), a financial institution focusing on infrastructure investment in developing countries that may help reduce poverty, and its "One Belt, One Road" initiative (OBOR) are two leading examples of China's ability to challenge the international

economic order. How the United States responds will be critical. The AIIB and OBOR are not going away, and the U.S. and Asia will be ill served by opposing them. The best way to influence these Chinese initiatives will be to offer frameworks for infrastructure development in Asia, in partnership with Japan, India, and others. Support and constructive engagement will improve Asian countries' leverage with China and ensure more balanced development.

Over the past four years, territorial conflicts and boundary disputes in the South China and East China seas have grown increasingly acrimonious. On July 12, 2016, the Arbitral Tribunal of the Permanent Court of Arbitration (PCA), under provisions of the UN Convention on the Law of the Sea (UNCLOS), issued a landmark ruling that Beijing's claims under its "nine-dash-line" map are unlawful, and reprimanded China for the environmental damage it has caused by constructing artificial islands in the South China Sea. China has rejected the decision of the PCA, which has no enforcement authority. While the United States has not taken sides in the dispute, it supports the rules-based, international order that the PCA has affirmed.

The United States must devise prudent policies to uphold the international rule of law while preventing territorial disputes from escalating into armed conflict. It must affirm the principle of freedom of navigation and flight, continue its naval freedom-of-navigation operations (FONOPS), and encourage the participation of other countries such as Australia and India. At the same time, Asian nations will not welcome a policy of confrontation that forces them to choose between the United States and China. The United States should expand military dialogues with China, and work to strengthen the mutual transparency of each country's naval and air operations. A strategic mix of engagement and hedging, predicated on a rules-based international order, will make for better U.S. policy towards China than either confrontation or appeasement.

Asia and the world have changed significantly since the Cold War ended. Developing new, multilateral institutions for security cooperation, while maintaining the current bilateral alliances, will more effectively promote the security interests of the United States in the region and reduce the economic and other, invisible costs of security. It will reduce the level of distrust, open new space for cooperation among major powers to resolve pending security problems like the South China Sea and North Korea's nuclear program, and provide a vehicle to mobilize international resources for nontraditional security cooperation.

Several Asian states are confronting social and political issues such as rapid urbanization, increasing pollution, rising income inequality, and threats to public health. The United States has traditionally served as a coordinator of regional efforts, as a source of investment, especially in civil society, and as a role model of democratic governance. The United States should continue to provide guidance when it is sought, and partner with civil society organizations to promote the values of democracy and free markets, while avoiding needless hectoring and intervention in the internal affairs of Asian nations. It should increase cultural and educational exchanges, and encourage participation by U.S. nongovernmental organizations and private institutions in the exercise of American “soft power.”

FINDINGS AND RECOMMENDATIONS

The 2016 U.S. elections have emerged as a signal moment in the evolution of America’s engagement with the world and its commitment to the international order that it was instrumental in building. At the same time, with 60 percent of the world’s population and some of the world’s fastest-growing economies, Asia’s rising strategic importance cannot be denied. We have summarized here just a handful of the issues that emerged during the three Asian subregional meetings in Bangkok, Colombo, and Seoul. What follows is a set of specific recommendations that we, the project’s three Asian chairs, feel to be the most important. In addition to these issues and recommendations, the ensuing chapters of this report delve in deeper detail into the U.S. foreign-policy concerns most important to all three subregions. If the 45th president of the United States and the Congress that assumes office in January 2017 adopt these recommendations, we believe that U.S. relations with Asia as a whole will improve and prosper.

- **Maintain a robust, sustained, and consistent American presence in the Asia-Pacific.** The next U.S. president and administration should continue and expand the Obama administration’s rebalance towards Asia. A precipitous reduction of engagement in Asia would be detrimental to the interests of most Asian countries as well as the United States. Any diminution of U.S. credibility will push the Asian states towards self-help in the security realm and trigger massive destabilization of the regional order.

- **Support Asian regional architecture and institutions.** While bilateral relations are important, multilateral mechanisms and diplomacy that promote greater cohesion among Asian countries are essential to America's rebalancing policy. The United States should support ASEAN cohesion, ASEAN centrality, and ASEAN-based institutions (APEC, ARF, EAS, ADMM+, and AEC). America should support the mandate of the China-led AIIB, by joining or through cooperation and constructive engagement, while partnering with Japan and India to offer more attractive terms for high-quality infrastructure development in Asia.
- **Ratify the Trans-Pacific Partnership (TPP).** The United States must continue to uphold a rules-based, liberal economic order in Asia. It should not respond to a troubled global economy with narrowly nationalist or protectionist policies. Failure to ratify the TPP, the bedrock of America's future economic engagement in the Asia-Pacific, will make Asians question America's staying power in the region.
- **Rethink U.S. strategy on the Korean peninsula.** North Korea's nuclear and missile programs are an ever more imminent threat. In a matter of just a few years, the DPRK will have the ability to attack U.S. territory with a nuclear-armed ICBM. U.S. "strategic patience" has failed. After toughening international sanctions, the United States must eventually begin talks with North Korea to find a permanent solution on the Korean peninsula. At the same time, the U.S. government must be prepared for sudden political instability in the DPRK, and continue consultations with key stakeholders, including South Korea and China.
- **Pursue a balanced approach towards China.** As China continues to rise as an economic, political, and military power, the 45th president must resist the temptation of polarizing rhetoric or policies. Asian nations value America's economic and security presence, but they do not want to be forced to choose between the world's two largest powers. A strategic mix of engagement and hedging is a better U.S. policy towards China than either confrontation or appeasement.
- **Ratify the United Nations Convention on the Law of the Sea.** Although the United States follows UNCLOS as a matter of customary international law, the failure of Congress to ratify UNCLOS weakens the U.S. position on the South China Sea and on international law more broadly. The U.S. should continue its freedom-of-navigation operations and encourage other countries such as

Japan and Australia to undertake their own FONOPS to make such activity more multilateral.

- **Work with India to address South Asian security.** As it draws India into a larger role in Asian security, Washington must work with Delhi to develop a coordinated approach to countering terrorism, nudge Pakistan towards political moderation, and promote regional economic integration in the South Asian subcontinent and the Indian Ocean region.
- **Do not abandon Afghanistan.** It would be unwise for the U.S. to withdraw completely from Afghanistan. Poor governance is often the cradle of terrorism and instability, and to counter such instability, the U.S. must continue to promote the rule of law, build civil society, and support economic and development measures that increase Afghanistan's national capacity to effectively govern and to provide for its own security.
- **Continue to play a leading role in nontraditional security.** Broadly speaking, Asian nations have been slower than the United States to address security challenges such as climate change, disaster relief, terrorism, and food security. Most Asian countries welcome American expertise in humanitarian assistance, disaster response, and mitigating the effects of climate change, and they want the United States to continue to lead and to facilitate cooperation in these nontraditional security areas.
- **Continue to project American "soft power."** No country in the world can match the resonance of American "soft power" in Asia. The United States can strengthen liberal and modernizing forces in Asia by exercising its unique influence in partnership with local initiatives rather than imposing an agenda on the region and interfering in the internal affairs of states. Political modernization owned by Asians themselves will enhance America's political standing and advance her foreign-policy objectives over the long term. The U.S. should continue to cultivate educational and cultural ties with Asia, support civil society organizations and technological innovation, and serve as a role model for good governance by building capacity and sharing best practices.

**RECOMMENDATIONS FOR THE 45TH PRESIDENT OF THE UNITED STATES
AND THE CONGRESS THAT ASSUMES OFFICE IN JANUARY 2017 TO ADOPT:**



- 1. Maintain** a robust, sustained, and consistent American presence in the Asia-Pacific.



- 2. Support** Asian regional architecture and institutions.



- 3. Ratify** the Trans-Pacific Partnership (TPP).



- 4. Rethink** U.S. strategy on the Korean peninsula.



- 5. Pursue a balanced approach** towards China.



- 6. Ratify** the United Nations Convention on the Law of the Sea.



- 7. Work with India to address** South Asian security.



- 8. Do not abandon** Afghanistan.



- 9. Continue to play a leading role** in nontraditional security.



- 10. Continue to project** American “soft power.”



South Asian Views on America's Role in Asia

C. RAJA MOHAN

INTRODUCTION

Like their peers in the rest of Asia and the world, policymakers in South Asia have been transfixed by the twists and turns of the 2016 U.S. electoral season, the wide-ranging expression of multiple political anxieties in the United States, and the unexpected surge of populism that has challenged American political orthodoxy. Unsurprisingly, South Asian leaders are deeply concerned about America's long-term commitment to the liberal, global economic order and Washington's political will to sustain its longstanding international security commitments.

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The South Asian subcontinent was generally marginal to America's global interests during the Cold War. Since the end of the Cold War, however, there has been growing engagement between America and the subcontinent, and a greater mutuality of interests than ever before. India's emergence as the world's fastest-growing economy and the impressive performance of Sri Lanka and Bangladesh have begun to increase the political weight of the region in global affairs.

The September 11, 2001, attacks on Washington and New York saw the United States embark on the great, global war on terror, focused in large part on the Afghanistan-Pakistan (Af-Pak) region. By the end of 2016, the United States will have occupied Afghanistan for a decade and a half, marking the longest-ever war involving American armed forces. The war on terror also saw the United States declare Pakistan a "major non-NATO ally" and provide economic and military assistance to that nation totaling more than \$30 billion since 2002. With Pakistan's will and

ability to deliver the Taliban to negotiations with the government in Kabul now in question, the new U.S. president will have to take a fresh look at the America's Afghanistan strategy.

The steady growth in India's political prominence in South Asia and beyond since the turn of the millennium has been matched by a rapid expansion of the U.S.-India strategic partnership. The engagement that began in the last year of President Bill Clinton's administration enjoyed strong bipartisan support from both the Bush and the Obama administrations. The United States now views India through the larger prism of Asia rather than the previous, narrow framework of the subcontinent. As the United States copes with the impact of a rising China on Asia, India is increasingly seen as a critical part of America's broader Asian strategy. At the same time, the Indian government of Narendra Modi has been a lot less inhibited than its predecessors in seeking a solid partnership with Washington.

Meanwhile, the resurgent dynamism in South Asia has restored the region to its historic role as the crucial link between different parts of the vast Eurasian landmass including the Middle East, Central Asia, China, and Southeast Asia. The waters of South Asia have also become an important part of new geographic conceptions such as the Indo-Pacific. Amidst this growing importance of South Asia, a number of questions have arisen in the context of the U.S. elections. Given the West's widespread political fatigue with nation building, will the new administration turn its back on Afghanistan, or learn from past mistakes and recalibrate its strategy? Will the United States maintain its post-war primacy in the region, or pull back from the expansive goals that it set for itself in the past? Does Washington have the will and the resources to shape the South Asian strategic environment? What might be the consequences for South Asian economies, among the last in the world to globalize, of an American drift towards protectionism? How engaged will the United States remain on issues of good governance and democratization in the region?

The following is an assessment of South Asian views on the current role of the United States in the region, and the region's expectations of Washington after the current elections and over the longer term. On April 26-27, 2016, The Asia Foundation convened a workshop of scholars, practitioners, former diplomats, and young professionals from the subcontinent to discuss and debate the opportunities and challenges facing this vital and dynamic region and how the United States can help shape its future. The South Asia workshop, in Colombo, Sri Lanka, was part of a larger project to elicit the views of Asian experts on America's role in Asia.

It complemented two other workshops, held in Seoul and Bangkok, dealing with Northeast and Southeast Asia, respectively.

The guiding idea of the Colombo workshop was to look at the future of the subcontinent from the perspectives of the South Asian participants as they explored how the United States might contribute to shaping it. The following is a summary of the Colombo discussions, and is organized around three themes. It begins with a discussion of the unfolding geopolitical transformation of South Asia and the security implications for the region. It then moves on to discuss the prospects for economic cooperation between the United States and the subcontinent. The third leg of the tripod looks at nontraditional security challenges, governance, and social issues. The discussion concludes with a set of findings and recommendations for the new administration in Washington.

GEOPOLITICAL TRANSFORMATION

The rapid rise of China has begun to profoundly alter the South Asian geopolitical landscape. Beijing's growing economic weight and expanding military capabilities are now translating into significant political influence on the subcontinent. Although China has long had a strong strategic partnership with Pakistan, its impact on other states in the region has been steadily growing. Inevitably, this has generated friction with the United States and growing competition with India in the region. At the same time, both Delhi and Washington are also seeking opportunities for partnership with China. The United States has actively worked to include China in efforts to promote peace and reconciliation in Afghanistan. Even as India has contested some of China's regional initiatives, it has sought to avoid overt confrontation on any issue. This new dynamic of collaboration and competition among the United States, India, and China is likely to become an enduring feature of the region's geopolitics.

There is considerable anxiety in the region about the prospect and consequences of a complete American withdrawal from Afghanistan.

There is considerable anxiety in the region about the prospect and consequences of a complete American withdrawal from Afghanistan. The eight years of the Obama administration witnessed a military surge starting in 2010 and a draw down after 2014. The size of the U.S. military presence peaked at about 100,000 troops in 2012-13, but has now fallen to less than 10,000. Quite clearly, the U.S. objectives of establishing a stable post-Taliban regime in Afghanistan and defeating the forces of extremism have not been realized. There is concern that Washington under the next administration may turn its back on Afghanistan, much as it did after helping to oust the Soviets at the end of the 1980s.

For many in the region, America's continued involvement in Afghanistan is critical for the region's security and stability, but preventing the Taliban from returning to power may require a fundamental change in the premises of American strategy. The targeted killing of the Taliban chief, Mullah Mohammed Mansour, in May 2016 sent an important message to the Taliban and its supporters in Pakistan, but it will be up to the new administration to devise the next steps in the Af-Pak region, steps that will have great bearing on international relations in South Asia. An America seen as accepting defeat and leaving the Af-Pak region will give a big boost to jihadi terrorism in South Asia and beyond. The consensus in the region is the shared hope that the new administration will reaffirm the commitment to Afghanistan, albeit with a different strategy and reduced resources. The key will lie, not in the absolute number of American troops on the ground, but in demonstrating a strong commitment to assist Afghanistan and devising a new strategy that targets those who are actively destabilizing Afghanistan from sanctuaries in Pakistan.

The expansion of America's strategic partnership with India has been a significant development in recent years and has been widely welcomed. While the two nations have differences on how to deal with Pakistan and Afghanistan, they have shared interests in promoting regional stability and prosperity in South Asia and the Indian Ocean. The United States has designated India as a vital part of its rebalance to Asia, and the two nations are also coordinating their defense policies with those of Japan and Australia. Both sides agree that South Asia can no longer be seen in isolation, but must be understood as an element in stabilizing East, Central, and West Asia.

While the evolution of the U.S. strategic partnership with India is natural, both Washington and Delhi must take into account the impact of this partnership on Pakistan. Over the last decade, Washington has learned to navigate carefully between India and Pakistan, and the U.S. relationship with Pakistan has long complicated the pursuit of larger American interests in India. President Obama has welcomed Prime

Minister Modi's outreach to Pakistan, but remains concerned that the dialogue has not gained political traction in recent years. The United States has continued to support peaceful negotiations to resolve all outstanding disputes between the two rival nations, including Kashmir and the transborder sources of terrorism. It has also resisted the temptation to inject itself directly into the India-Pakistan disputes. What Washington needs now is a strategy, coordinated with India, to nudge Pakistan towards political moderation and regional economic integration. Only a long-term collaboration between India and the United States is likely to help stabilize Pakistan and the subcontinent.

ECONOMIC OPPORTUNITIES

South Asia's growing strategic importance is founded in part on the region's impressive economic performance at a moment when the rest of the world has slowed. With the exception of Pakistan, the region has shown consistently high economic growth rates, averaging around 6 percent. Amidst new hopes for economic development across much of South Asia, there is serious concern about the growing opposition to globalization in the West. The rapid decline of American political support for the Trans-Pacific Partnership agreement (TPP), and for the idea of free trade more broadly, has been an unpleasant surprise for policymakers in South Asia. Although no country in South Asia is a member of the TPP, they see the Republican Party's historic turn away from free trade, and the renewed temptations of economic isolationism within the Democratic Party, as major threats to their economic prospects.

While it would be difficult for South Asia to join TPP at this stage, due to the high trade standards established by the agreement, the region would like to explore the possibilities for building a parallel trade grouping connecting the United States with willing South Asian countries. This would give those countries more flexibility to define the rules of the agreement, which could be less demanding than the TPP out of consideration for their different levels of development. The intensity of anti-trade sentiment at this juncture in Washington makes it a hard sell for the South Asian nations.

The United States over the decades has been an active champion of South Asia's economic globalization, its principal aid provider, a major trading partner, and a supporter of regional economic integration. Over the last two decades, however, the United States has lost its pole position in the region's commercial relations.

Washington has been overtaken by Tokyo as the chief provider of economic assistance, and China has long replaced the United States as the main trading partner for most countries of South Asia and is actively promoting regional connectivity. Yet, the nations of South Asia believe that the United States, as the principal architect of the global economic order, has a strong role to play in the region. South Asia today is looking less for aid from the United States and more for trade and investment. It also looks to the United States to help build technical and intellectual capacities on the subcontinent to achieve a higher level of integration in the global economic order.

South Asia today is looking less for aid from the United States and more for trade and investment.

It was the United States that first proposed the idea of a new “Silk Road” linking the subcontinent to Central Asia, during the first term of the Obama Administration. The scale of that proposal, however, has been dwarfed by China’s “One Belt, One Road” initiative. China has significantly expanded its influence in South Asia (and beyond) through investments in hard infrastructure in the region. These investments have been characterized, however, by a lack of transparency, perceptions of graft, and the exclusion of local enterprises and labor. The United States could get involved in public-private partnerships (PPPs) for infrastructure development in South Asia, providing a greater role for local enterprises and labor, and based on a robust, transparent, rules-based framework that would resonate with the local populace. One opportunity for such PPPs would be in cross-border energy infrastructure, enabling greater trade in energy services in the region. The United States could also encourage Japan, which has long experience in infrastructure development in Asia, to assume a larger economic role on the subcontinent. Acting in concert, the United States, Japan, and India can provide alternatives to Chinese proposals on connectivity. They could also take the lead in promoting subregional, regional, and trans-regional mechanisms for economic integration, both within the subcontinent and between it and adjoining regions.

The United States remains the global technology leader. There are significant benefits that can be derived in sectors such as agriculture and education in South Asia by leveraging relatively simple technologies through innovation. Communications technology and collaboration with U.S. educational institutions could significantly

improve education and build skills, particularly among rural populations. This would be an avenue to expand U.S. influence at the grassroots level. The same principle applies to agriculture, where relatively simple interventions such as sensor technology and big data could play a decisive role in improving agricultural productivity and resistance to the vagaries of climate through improvements in planting, fertilizer use, and weather prediction.

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NONTRADITIONAL SECURITY, DEVELOPMENT, AND GOVERNANCE

Although hard-power issues such as geopolitics, trade, and investment always crowd out other issues, South Asia hopes that the United States will continue to focus on the nontraditional security threats that pose huge challenges to the subcontinent. The Obama administration has devoted considerable attention to the question of climate change. This has certainly raised awareness on the subcontinent of the need for immediate action. Modi's India, for example, chose to emerge as part of the solution at the climate change negotiations in Paris in 2015. This shift in India's position involved considerable political effort on the part of the Modi government. Given the effort that has gone into mobilizing support for new approaches in India and beyond, there is much apprehension that a potential Trump administration could tear apart the carefully constructed, new global compact on climate change.

Meanwhile, climate change has exacerbated South Asia's predicament as the most disaster-prone region in the world. The recent floods in Kashmir and the city of Chennai, and last year's earthquake in Nepal highlight the growing threat of natural and manmade disasters on the subcontinent. There are other challenges as well. Most South Asian countries have exceptionally high population growth, rapid urbanization, and massive movements of people within and across borders.

South Asia is also becoming one of the largest zones of illicit opium production and trafficking. South Asia's growing drug trade is fully connected with organized crime, which has fostered corruption, instability, and insecurity and has stunted economic development. Washington should continue its commitment to controlling narcotics and countering human trafficking. The United States should work with South Asian governments to advance anti-trafficking reforms, and to help target resources for prevention, protection, and legal prosecution.

National governments in South Asia are well aware of the detrimental economic impact of rising drug use and trafficking, and more support from the U.S. government will be welcome. In addition to bilateral cooperation in agriculture, poverty reduction, health and disaster management, and energy and climate change, the United States should also explore multilateral solutions, such as developing a robust mechanism for cooperation with the South Asian Association for Regional Cooperation (SAARC). The United States could also help devise a framework for managing national and regional disaster risk reduction and strengthening the network of research institutions dealing with nontraditional security challenges.

While South Asia is concerned by the prospect that the next administration may turn protectionist on trade and hostile to global efforts to mitigate climate change, there is also an expectation that the first woman president of the United States might help promote greater regional sensitivity to gender issues. Among the priorities are promoting entrepreneurship among women, reducing violence against women, securing better political representation for women, and defending their economic rights, especially land rights in rural areas.

The legacy of U.S. involvement in South Asia is a checkered one, in which America's assistance has often been overshadowed by the image of a great power bent on strategic *quid pro quos*. U.S. aid and assistance programs, the hallmarks of America's soft power, have often been marred by the overwhelming presence of its hard power—hence, the importance of continued U.S. emphasis on issues that few others are willing to promote. While engaging governments is important, there is a crying need for the United States to cultivate public sentiment as well. The United States must also introduce greater clarity to its “strategic intent” in the region, as ambiguity breeds conspiracy theories among the public.

Many in the region would like to see the United States play a larger role in shaping the evolution of South Asia towards democracy and political pluralism. Countering Pakistan's skewed civilian-military relations, for example, stands out as a major

priority. So are promoting ethnic reconciliation in Sri Lanka and Nepal, as well as combatting extremism in Bangladesh and Pakistan. America has not been very good at reengineering other societies in its own image, and the opposition of states across the subcontinent to such an intrusive agenda is well known. Within the United States itself, there is a growing disenchantment with the democratizing and nation-building projects of the last quarter century. Voices across the aisle in America have called for a focus on nation building at home. The next administration very well may have to limit itself to a set of more modest goals for promoting good governance abroad.

FINDINGS AND RECOMMENDATIONS

The 2016 U.S. elections mark a big moment in the evolution of America's engagement with the world. The contest between Donald Trump and Hillary Clinton has unexpectedly set the stage for a comprehensive discussion of America's post-war foreign policy—including its commitment to the global security system and a liberal trading regime. As the United States rethinks many of the traditional assumptions about its role in the world, economic reforms have increased the strategic salience of the subcontinent, which has reemerged as the link between different parts of Asia and the Indian Ocean. This presents an opportunity for a new and imaginative reordering of U.S. relations with South Asia. Listed below are some broad findings and recommendations for action by the next administration.

POLITICAL/SECURITY

- South Asian nations are deeply concerned at the prospect of an American retreat from the global stage. Although South Asian nations have had their differences with the United States on a range of regional and global issues, they believe that a precipitous reduction of U.S. engagement would be dangerous.
- The test case for America's future international role may well be Afghanistan. Many in the region would like the United States to maintain some military presence and actively prevent the return of the Taliban to power. Having spent much blood and treasure in Afghanistan, it would be unwise for the United States to now turn its back on the Afghan people. Even with reduced

resources, it will have a better chance of success if it targets the main sources of destabilization.

- The natural expansion of the strategic partnership between India and the United States must be complemented by a coordinated approach to countering terrorism and encouraging political moderation on the subcontinent. The United States must draw Sri Lanka, Bangladesh, and Myanmar into the deepening bilateral maritime cooperation with India, in order to strengthen the emerging cooperative security order in the Bay of Bengal.

ECONOMIC

- The incoming administration must resist the temptation of economic isolationism and end its flirtation with deglobalization. American abandonment of the liberal economic order will harm South Asian nations that have just begun to reap the fruits of economic reform and globalization.
- China's massive connectivity projects are shrinking distances and dramatically altering the complexion of the region. The United States does not have to replicate what the Chinese are doing in the region, but Washington, acting with Japan and India, can provide an alternative model for sustainable infrastructure projects.
- The United States must continue to encourage regional economic integration within South Asia, and to promote the region's economic engagement with West, Central, and Southeast Asian countries. It should promote subregional initiatives such as the Bangladesh, Bhutan, India, and Nepal (BBIN) Initiative, the Bay of Bengal Initiative, and economic cooperation among India, Pakistan, Afghanistan, and Iran.

CLIMATE CHANGE/GOVERNANCE

- The recent U.S. campaign on climate change has begun to have a positive influence on South Asian decision-making. Any unilateral American actions against the Paris agreements, however, will undermine South Asia's fledgling efforts to mitigate climate change.
- The United States must avoid punitive sanctions in the name of promoting good governance. Instead of an ambitious and unrealistic agenda for reordering other societies, the United States must focus on a modest set of contributions, like capacity building and sharing best practices.



Southest Asian Views

Where ASEAN Meets Southeast Asia: Policy Implications for Post-Obama America

THITINAN PONGSUDHIRAK

INTRODUCTION

Nearly 50 years after the formation of its regional organization, the Association of Southeast Asian Nations (ASEAN), Southeast Asia faces issues and challenges that hark back to its geographic and conceptual coalescence in the post-colonial period after the Second World War. Culturally, geographically, and economically diverse, Southeast Asia is in many respects an unnatural union, whose regional organization has performed adroitly to cultivate a common identity and organizational coherence in the rough-and-tumble geopolitics of Asia. Initially conceived by external powers, ASEAN was later consolidated as an independent entity by its member states, a group with divergent regime types and a motley multitude of religions, ethnicities, languages, and historical pathways. On the map, Southeast Asia is divided by the South China Sea into mainland and maritime states. As a region, it is congenitally untidy and unwieldy.

ASEAN's evolution since its genesis in August 1967 has progressed incrementally, in fits and starts, beset by regular obstacles and setbacks, but marked by achievements and milestones. Along the way, the 10-member group's principal objectives of maintaining regional autonomy, managing major-power relations, promoting economic development, and keeping Southeast Asia's peace have stayed on track. ASEAN has grown into Asia's premier and most durable regional organization, the fulcrum and foundation of region-building efforts in the early twenty-first century; and "ASEAN centrality"—its "driver's seat" role in shaping regional contours and outcomes—has been a primary norm in Asian regionalism. But just as ASEAN has achieved so much, it faces an array of daunting and even existential challenges.

ASEAN and Southeast Asia today are internally divided by diverging interests and geographical realities increasingly influenced by major-power maneuvers and rivalries. While its prospects for economic growth over the medium term

appear firmly in the 5 percent range, Southeast Asia's regional peace and stability, which have been secured by ASEAN, can no longer be taken for granted. China's rise and growing assertiveness in the South China Sea and the Mekong subregion have directly challenged ASEAN cohesion, centrality, and community aspirations. Indeed, the "China factor"—Beijing's strategic intentions and regional designs—has become Southeast Asia's paramount security concern. But China is not alone, and the China-U.S. axis is not the only consequential hinge point for the fate of Southeast Asia. Other major powers have also waded into the fray, particularly Japan, but also Russia, India, Australia, and South Korea. Just as in the decades before ASEAN, the current and former imperialist powers are once again hovering and prowling over Southeast Asia.

Although they are often spoken of interchangeably, ASEAN and Southeast Asia, as organization and region, have become increasingly distinct. There is no single consensus in Southeast Asian capitals on what roles the major powers, particularly the United States, should play vis-à-vis the ASEAN states. Broadly, ASEAN wants to retain its role in setting the regional agenda, whereas Southeast Asian states want to see a dynamic balance among the major powers in the region, particularly the United States and China. No regional state wants to see a dominant China and an absent America, or vice versa. Nor does any ASEAN member want to see a superpower conflict between Beijing and Washington. And no Southeast Asian country wants to see their region carved up between the two Asia-Pacific giants in a so-called "G2" arrangement, as was effectively the case during the Cold War between the United States and the Soviet Union. It is within these parameters that Southeast Asia's aims and engagement with America may be discerned and analyzed.

ASEAN'S CHALLENGED CENTRALITY

After a series of trial-and-error experiments to build order in the region, the mixed neighborhood of Southeast Asia established ASEAN at an opportune moment of regional conflict between Indonesia and Malaysia and the ideological standoff of the Cold War. It brought together the Malay-speaking and Muslim states of Malaysia and Indonesia on one hand, and the predominantly Buddhist Thailand and largely Catholic Philippines on the other, along with the small and newly independent island of Singapore. This ethno-religious balance enabled ASEAN to achieve regional autonomy vis-à-vis major external powers, focus on national development, douse

intramural territorial tensions, and maintain neighborhood peace and stability. No major conflict among ASEAN members has occurred since. The ensuing decades displayed what became known as the “ASEAN way” of regionalism. New members came on board: first Brunei, in 1984, and later Cambodia, Laos, Myanmar, and Vietnam in the 1990s. With the inclusion of these “CLMV” countries, ASEAN became the true representative of “one Southeast Asia,” no longer divided by Cold War ideological conflicts that had pitted communist and anti-communist states against each other.

But despite ASEAN’s sustained efforts, a regional order in Southeast Asia has been hard to maintain. From the late 1940s to the late 1980s, Cold War ideology divided Southeast Asia along the fault lines of communist expansionism. This period featured the formation of anti-communist alliances between Washington and five Asia-Pacific states, namely Australia, Japan, the Philippines, South Korea, and Thailand. In fact, ASEAN was set up partly as a bulwark against the spread of communism in the region, especially from Indochina.

From the Cold War’s end into the late 1990s, ASEAN was instrumental in establishing a string of regional institutions to promote order and prosperity, such as the Asia-Pacific Economic Cooperation (APEC) forum in 1989 and the ASEAN Regional Forum (ARF) in 1994. Anchored by ASEAN, APEC and ARF were seen at the time as crucial pillars of economic and security regionalization in the Asia-Pacific. This period also saw the creation of the ASEAN Free Trade Area (AFTA) in 1992, bolstered by a handful of subregional economic cooperation vehicles. Southeast Asian economic performance in the 1990s was so stellar that the World Bank commissioned a study, titled *The East Asian Miracle*, which instilled the regional economies with a growing sense of confidence.

But this economic exuberance was rudely halted by the Asian economic crisis of 1997-98, which started in Thailand and spread like a contagion to Indonesia and other national economies. The crisis dealt a debilitating setback to the region, but there was a silver lining when ASEAN responded with ASEAN Plus Three (APT), a forum for cooperation on a range of issues between the 10 members of ASEAN and the Northeast Asian nations of China, Japan, and South Korea. APT, in turn, spawned the Chiang Mai Initiative, a Southeast-Northeast Asian mechanism for regional financial cooperation.

Just as Southeast Asia recovered from the crisis, the terrorist attacks of September 11, 2001, put the region and the world at large into a tailspin. America’s war on

terror, which began with the invasion of Afghanistan in late 2001 and Iraq 18 months later, put ASEAN's region-building project in limbo, superseded by U.S. foreign policy and security objectives. APEC became largely a security forum; U.S. Secretary of State Condoleezza Rice infamously skipped the ARF ministerial meeting in July 2005; and only in the latter years of the George W. Bush administration, as the war on terror lost momentum, were Southeast Asian countries able to return to their regional project.

By December 2005, building on the APT, ASEAN inaugurated the East Asia Summit. The EAS has become the leading strategic dialogue in the region, an annual opportunity for leaders of South Asia (i.e., India), Northeast Asia, and Southeast Asia to meet. The APT also inspired the Trilateral Summit in 2008 among China, Japan, and South Korea, though the Trilateral Summit has lost momentum since 2012. The EAS leaders' dialogue, however, grew from strength to strength, later expanding to include the United States and Russia. Within this confluence of regional bodies, the ASEAN Defense Ministers' Meeting Plus (ADMM+) was established in 2010 as a security forum and functional cooperation scheme for the defense establishments of ASEAN and its dialogue partners. In 2008, amid the creation of this architecture, ASEAN adopted with much fanfare the ASEAN Charter, formalizing an ASEAN Community comprising three pillars: the ASEAN Political-Security Community (APSC), the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (ASCC).

THE “PIVOT TO ASIA” AND THE ROLE OF CHINA

ASEAN at that time was the center of action for Asian regionalism, and the new U.S. president in January 2009 reinforced that centrality. In his first year in office, President Obama proclaimed his tenure as the first “Pacific” president of the United States. Soon thereafter, his administration announced America's “pivot to Asia,” a shift of focus and resources from the Atlantic to the Pacific, first publicly articulated by then-Secretary of State Hillary Clinton in a *Foreign Affairs* article in 2011. The “pivot to Asia” at its debut lacked conceptual clarity, and did not capture the common imagination, especially among international audiences. It was soon qualified and effectively replaced by the “rebalance” to Asia. Perhaps it reflects a personal affinity for Asia that President Obama, who lived in Indonesia as a boy, reshaped America's stance towards Asia more than any of his predecessors. But this historic shift has not relieved the anxiety of Southeast Asia, and Asia more broadly, that it may be reversed by the next president.

Despite this paradigm shift towards Asia—or because of it, if China’s assertiveness over the last several years has been significantly motivated by the Obama “rebalance”—ASEAN’s “driver’s seat” role during the second Obama term has become more problematic. Perhaps the foremost challenge to ASEAN centrality and cohesion are China’s actions in the South China Sea. The maritime ASEAN states, particularly the Philippines and Vietnam, have locked horns with China. The Philippines petitioned the Permanent Court of Arbitration in The Hague under provisions of the UN Convention on the Law of the Sea, and on July 12, 2016, the PCA’s Arbitral Tribunal ruled decisively against China. The ruling covered the legal status of all land features in the Philippines’ 15 submissions—from submerged reefs that cannot qualify as rocks, to rocks that cannot be converted into islands—and reprimanded China for the environmental damage it has caused by constructing artificial islands in the South China Sea. The Tribunal’s landmark decision rejected China’s “nine-dash-line” map from 1947, which claimed “historic rights” to more than 80 percent of the South China Sea.

The Philippines petitioned the Permanent Court of Arbitration in The Hague under provisions of the UN Convention on the Law of the Sea, and on July 12, 2016, the PCA’s Arbitral Tribunal ruled decisively against China. The Tribunal’s landmark decision rejected China’s “nine-dash-line” map from 1947, which claimed “historic rights” to more than 80 percent of the South China Sea.

Soon after the ruling, however, the Philippines backed off, and did not insist that the forty-ninth ASEAN Foreign Ministers’ Joint Communiqué in Vientiane on July 24, 2016, include the Tribunal’s ruling. China’s actions have divided ASEAN; and given Cambodia’s probable veto, the Philippine concession enabled ASEAN to produce a joint statement, avoiding an embarrassment like 2012, when ASEAN failed to adopt a joint statement under Cambodia’s chairmanship. What happens going forward will be consequential for the United States and Southeast Asia. A clear-cut capitulation to China would likely embolden Beijing to act more assertively, despite U.S. countermoves such as freedom of navigation operations.

In mainland Southeast Asia, the Mekong subregion is emerging as another arena of tension and conflict. The Mekong, which the Chinese refer to as Lancang, is the world's seventh-longest river, and provides livelihoods and habitats for riverfront communities and wildlife throughout its meandering flow, from China and Myanmar, to Laos and Thailand, down through Cambodia and Vietnam, to the South China Sea. Chinese dams on the upper Mekong have long been considered a threat to fisheries, villages, and communities comprising some 60 million people in the lower riparian states, and a source of potential conflict for the entire greater Mekong subregion. To date, China has completed six of 15 planned dams. But China's downstream neighbors in ASEAN face a difficult geopolitical reality. China is essentially the giant neighbor ensconced at the river's source. It can block the Mekong at will. The governments in the lower basin, particularly those of Cambodia and Vietnam, are either intimidated by China or too dependent on economic ties to cry foul. To be sure, Laos, the midstream country, has put up dams of its own, largely financed by Thailand, which in turn buys the resulting hydropower. The Mekong dams thus reflect competing interests from all quarters, not simply China's unilateral power. However, unlike the South China Sea, China in the Mekong subregion does not have to contend with other major powers.

Overall, China is making land out of the sea and hogging the water on land. The United States has played a countervailing role to support its allies and partners in the maritime domain, but it has fewer options on the mainland. America's Lower Mekong Initiative has been ineffective, and America's principal mainland ally, Thailand, has recently begun a headlong courtship of Beijing due to Thai domestic politics, which are causing tensions in Thai-U.S. relations.

Meanwhile, the mainland and maritime states are divided. The mainland countries—Cambodia, Laos, Myanmar, and Thailand—are willing to yield to Beijing on the South China Sea, while the maritime states—Brunei, Indonesia, Malaysia, the Philippines, and Singapore—are not so concerned about water security on the mainland. China is unchallenged on the mainland, while it has to contend with the United States in the maritime region. Mainland ASEAN states do not want to be dominated by China, and have hedged their geopolitical bets by building relationships with other major powers. Myanmar is at the forefront, and Vietnam has joined the Trans-Pacific Partnership, partly as a hedge against China, while Thailand has become an estranged U.S. treaty ally and sought ever-closer partnership with China.

Mainland ASEAN states do not want to be dominated by China, and have hedged their geopolitical bets by building relationships with other major powers. Myanmar is at the forefront, and Vietnam has joined the Trans-Pacific Partnership, partly as a hedge against China.

The political atmosphere in Southeast Asia has soured over the second Obama term, in parallel with China's takeover of Scarborough Shoal in 2012. America strategically has no qualms about ASEAN. It is ASEAN that now has basic grievances with China. This is where America, along with its allies Japan, Australia, and South Korea, should play a stabilizing role. America needs ASEAN to be a bridge-builder and broker of stability and prosperity based on the global order Washington engineered after World War II. The "rebalance" strategy is the right approach to what ASEAN broadly needs. ASEAN's anxiety is whether the United States will stay the course.

SOUTHEAST ASIA'S DOMESTIC POLITICS IN ASEAN'S REGIONALISM

America's foreign policy is driven by a mix of interests and values that changes depending on which countries Washington is dealing with. The United States portrays itself, for example, as a champion of democracy and human rights, but it promotes these values more vigorously in some regions than in others. They have been conspicuous in U.S. policy towards Southeast Asia, as evident in Myanmar, Thailand, and even in communist Laos and Vietnam, where Washington does not feign ignorance of human rights abuses. How Washington perceives and is perceived by Southeast Asian countries with different domestic political systems is thus consequential to Southeast Asia-U.S. relations.

Southeast Asian regimes span the spectrum from rule by a few to government by the majority. The region is like a global testing ground for the future of democracy and authoritarianism, and democracy's fortunes in Southeast Asia since the end of the Cold War have been mixed. Indonesia and Myanmar, for example, have made spectacular democratic gains, while Thailand has suffered a reversal, and democracy has eroded in Malaysia. The jury is still out on long-term

democratization in the region, but Southeast Asia's experience suggests that only in countries where leaders seek a greater good beyond themselves can democracy take hold without reversal. Corruption remains the Achilles heel of democracy in Southeast Asia, and rising income is not invariably accompanied by more democracy, a challenge to the modernization thesis that economic development leads inexorably to political liberalization. Finally, a healthy civil society is indispensable, but sometimes insufficient, for democratization.

Southeast Asia's experience suggests that only in countries where leaders seek a greater good beyond themselves can democracy take hold without reversal. Corruption remains the Achilles heel of democracy in Southeast Asia.

These dynamics matter for America's bilateral relationships with Southeast Asian governments, and for China's. The more democratic states are more attuned to America's regional and bilateral preferences, while the more authoritarian are more susceptible to China's influence. On the authoritarian side, however, the correlation is weaker. For example, in the democratic camp, Indonesia, Myanmar, and the Philippines are more sympathetic to America and generally less so to China. Authoritarian Laos, post-coup Thailand, and Cambodia are more cautious towards America, while favoring China. But politburo-ruled Vietnam has moved closer to Washington and away from Beijing, as exemplified by its charter membership in the Trans-Pacific Partnership and its watershed reception of President Obama in May 2016, which ended the U.S. arms embargo and fully normalized U.S.-Vietnam relations.

ASEAN AND SOUTHEAST ASIA: POLICY IMPLICATIONS FOR AMERICA

ASEAN has tremendous economic potential, with a combined market of 632 million people and regional economic output in excess of USD 2.5 trillion, equivalent to the world's seventh largest economy. Four of the top 20 most populous countries are in Southeast Asia (Indonesia, the Philippines, Vietnam, and Thailand), and it

has a favorable demographic profile with relatively young populations. Regional economies are growing: no economy in Southeast Asia faces the threat of GDP contraction, and even regional laggard Thailand will continue to grow at a 3 percent clip into the late 2010s. Global terrorism by way of al-Qaeda and the Islamic State has not made substantial inroads over the years, although the region is not immune to it. Subnational conflicts in Indonesia, Myanmar, the Philippines, and Thailand remain virulent and persistent, but they have not plunged the region into civil strife and communal turmoil like the Middle East and North Africa. Nontraditional security threats, from natural and manmade disasters (e.g., rampant air pollution) to human and drug trafficking and transnational crime, have been destabilizing and will need mitigation. Yet they have thus far been manageable.

As other major powers enter the fray, ASEAN risks becoming an arena of great-power conflict, overwhelmed and powerless to respond.

ASEAN is most at risk from major-power maneuvers, particularly China's aggressive posture in the South China Sea and, to a lesser extent, in the Mekong subregion. As other major powers enter the fray, ASEAN risks becoming an arena of great-power conflict, overwhelmed and powerless to respond. Early signs of this scenario can be detected in the Arbitral Tribunal's ruling on the South China Sea, where ASEAN, lacking a concerted response, has been effectively divided by China. Meanwhile, the domestic politics of Southeast Asian states complicate ASEAN's efforts to build order and a regional architecture.

America's role has been profoundly refashioned under President Obama's "rebalancing" strategy. Above all, ASEAN prefers the "rebalance" to continue under the next administration, in a way that does not lead to great-power conflict, but instead enables ASEAN to pursue autonomy, economic development, and regional peace and stability. Meanwhile, America's values should be upheld and promoted in Southeast Asia, but in ways tailored to expand domestic capacities and promote ASEAN as the central driving force for rules-based Asian regionalism.

POLICY RECOMMENDATIONS

With the introduction of the Obama administration's "pivot" or "rebalancing" policy, the United States has viewed Southeast Asia, through ASEAN, in a more integrated, comprehensive fashion. While multilateralism cannot be a substitute for bilateralism, multilateralism can complement bilateralism. The next president of the United States has the opportunity to improve and strengthen relations with Southeast Asia by doing the following:

- **Consistent U.S. policies in the Asia-Pacific:** The incoming United States president needs to maintain a robust, sustainable, and consistent presence in the Asia-Pacific, and should contribute to the capacity building of its allies and partners. The American presence has been an essential factor that has given rise to decades of peace and security in Asia.
- **UN Convention on the Law of the Sea (UNCLOS):** The United States must ratify the United Nations Convention on the Law of the Sea. The United States already follows UNCLOS as a matter of customary international law, but the fact that it has not been ratified by Congress weakens the U.S. position on the South China Sea and on international law more broadly (particularly vis-à-vis China). Moreover, U.S. freedom of navigation operations (FONOPS) are important for Southeast Asia and should be continued, and the United States should encourage other countries, such as Australia and India, to participate as well.
- **Trans-Pacific Partnership:** The United States must ratify the Trans-Pacific Partnership. It will be the bedrock of U.S. economic engagement in the Asia-Pacific. Failure to ratify the TPP would deal a severe blow to U.S. credibility. Although the TPP currently includes just four of ASEAN's 10 members, several others would like to join. The reality, however, is that TPP imposes very difficult standards that most ASEAN countries would struggle, politically and economically, to meet. The United States could therefore offer these countries some kind of "halfway house" for gradual entrance into the TPP. The United States should ensure that the TPP does not become divisive for ASEAN.
- **Strengthen rules-based order and ASEAN centrality:** The United States should demonstrate clear support for ASEAN cohesion, ASEAN centrality, and ASEAN-based institutions: AEC, ARF, EAS, ADMM+, and the Regional Comprehensive Economic Partnership (RCEP). Even though the United States is not a member, RCEP will benefit the United States in the long run.

- **Engage China:** The United States should engage with China to influence the direction of the Asian Infrastructure Investment Bank (AIIB) and other China-centered initiatives. Even in the face of Washington's reluctance, the AIIB won't go away. Washington will have more success shaping it from within than from without. Overall U.S. engagement with Southeast Asia should not simply be part of its wider strategic policy towards competing with China. The United States should respect the importance of Southeast Asia in and of itself, and not just because of the region's geostrategic proximity to China.
- **Capacity building:** No one expects the United States to provide huge sums of money to create an AIIB alternative, but the United States has tremendous experience and financial sophistication, and its advice and expertise can help much-needed projects take off. In the short term, the United States can help improve human resources and capacity with English-language and technical training. In addition, U.S. companies can be encouraged to invest in Southeast Asian infrastructure projects. Ultimately, regional affairs must be managed by the people of the region, but Southeast Asian countries need support to build human capital to deal with security challenges themselves.
- **Leverage existing networks and expertise:** One of the best ways to engage the peoples of ASEAN is through educational opportunities (scholarships, training programs, youth programs, promoting STEM). Expand scholarships—any student with talent and entrepreneurial verve aspires to study in the United States—and maintain the Young Southeast Asia Leaders Initiative (YSEALI) and the U.S.-ASEAN Connect Initiative. Although it will not be expensive, the long-term goodwill will be tremendous.
- **Nontraditional security and disaster response:** It has been said that Southeast Asia's biggest security threat is Mother Nature. The United States should continue to play a major role in the area of nontraditional security (NTS). In disasters such as the 2004 tsunami, Cyclone Nargis in 2008, and Super-Typhoon Haiyan in the Philippines in 2014, ASEAN countries have welcomed the deployment of U.S. expertise in humanitarian assistance and disaster response (HADR).
- **Defend and promote human rights in Southeast Asia:** Help ASEAN implement its declarations and instruments related to human rights. Work with the ASEAN Intergovernmental Commission on Human Rights (AICHR). Promote a holistic and multidisciplinary approach to human rights and fundamental freedoms,

especially for vulnerable groups. Provide regional platforms for dialogue, and support initiatives on rights issues, especially the rights of women and children.

- **Education and training of Southeast Asia experts:** Because of its growing prominence, a lot more money and resources are being devoted to the study of China in the United States. Given the dwindling number of American experts on Southeast Asia, the United States should put renewed effort and resources into training a new, younger generation of American scholars and experts on Southeast Asia.

Northeast Asian Views on America's Role in Asia

YOON YOUNG-KWAN

INTRODUCTION

Northeast Asia in the twenty-first century deserves the special attention of U.S. policymakers. Economically, it is dynamic, with 23 percent of world GDP and 21 percent of world population in 2015. As of August 2015, 36 percent of U.S. foreign trade was conducted with Northeast Asian countries. Politically, it is the home of two of America's most important allies, Japan and the Republic of Korea (ROK), as well as the rising power, China.

While the Northeast Asian states of China, ROK, Japan, and Mongolia enjoy extensive trade and economic interdependence, the region also faces urgent security challenges, from territorial disputes to the nuclear weapons program of the Democratic People's Republic of Korea (DPRK). It is also a region experiencing governance problems as it works to address socioeconomic and political challenges such as aging populations, rapid urbanization, environmental pollution, income inequality, and poverty.

Central to America's relations with Northeast Asia today is the rise of China. After three and a half decades of rapid economic growth since its opening in 1978, China is now the world's second-largest economy. Increasingly confident in its own economic achievements, China now expects the United States and the rest of the world to recognize its role and interests as a world power. The Obama administration acknowledged the growing importance of relations with China, and Asia more broadly, with its 2011 "rebalancing" strategy, declaring that the United States would shift its foreign policy focus and resources away from the Middle East and Europe and "pivot" towards the Asia-Pacific.

Against this background, a dozen top foreign-policy specialists from four Northeast Asian states gathered in April 2016 for a two-day workshop in Seoul to discuss America's role in this dynamic, changing, and increasingly important region of the world. The following are the key conclusions from the meeting.

ECONOMIC AND TRADE RELATIONS WITH NORTHEAST ASIA

The world economy in 2016 has yet to fully recover from the global financial crisis of 2008. Europe, with the possible exception of Germany, has suffered from economic stagnation and recurring financial crises since 2010. In Asia, Japan shows little sign of overcoming its two-and-a-half-decade slump, despite Prime Minister Shinjo Abe's intense efforts to revitalize the Japanese economy. Even China, which has been an important engine of global economic growth for some time, is experiencing a serious slowdown that has some economists worrying about a hard landing.

Meanwhile, an anti-globalization chorus is rising in many countries, calling for economic nationalism and withdrawal from the liberal international economic order. The people of Britain have voted for a "Brexit" from the European Union. In the United States, skepticism towards the Obama administration's Trans-Pacific Partnership (TPP) has been growing since it was signed on February 4.

Faced with the forces of isolationism and economic nationalism, the United States must not shrink from its international leadership role in the multilateral, liberal economic order. In a time of global economic weakness, protectionism will certainly backfire, as it did in the 1930s. In June 1930, just a few months after the stock market crash of September 1929, President Herbert Hoover signed the Smoot-Hawley Tariff Act, imposing record U.S. tariffs on over 20,000 imported goods. In a matter of months, America's trading partners began to retaliate, leading to the rapid decline of U.S. exports and an even deeper international crisis, the Great Depression.

The new U.S. administration must work to defuse protectionist and anti-globalization sentiments, and avoid myopic policies based on economic nationalism. Domestically, the new administration must effectively communicate the potential benefits of the TPP for the U.S. economy. According to research by the Peterson Institute of International Economics:

The TPP will increase annual real incomes in the United States by \$131 billion, or 0.5 percent of GDP, and annual exports by \$357 billion, or 9.1 percent of exports, over baseline projections by 2030, when the agreement is nearly fully implemented...Given these benefits, delaying the launch of

the TPP by even one year would represent a \$77 billion permanent loss, or opportunity cost, to the U.S. economy.¹

Internationally, the new administration must work to strengthen policy coordination in pursuit of common prosperity. In addition to the G7, the G20 needs to be revitalized as a global forum. The TPP should become an economic base camp for a U.S. effort to gradually integrate the China-centered Asian economic sphere into the broader Asia-Pacific economy.

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China grew rapidly under the U.S.-led, liberal economic order of the past three and a half decades. But China has begun to challenge the international economic order and its institutions, with unilateral initiatives establishing the Asian Infrastructure Investment Bank (AIIB) and its own, China-centered, regional economic architecture, the Regional Comprehensive Economic Partnership (RCEP).

How the United States responds will be critical. Rather than antagonizing the AIIB or opposing the RCEP, the U.S. government should work to build coordinated linkages and eventually embrace them. The AIIB is a financial institution focusing on infrastructure investment in developing countries, which may help alleviate poverty. The TPP is a rule-making arrangement for international trade and investment. They are not incompatible. The United States needs to take a more positive and proactive approach to the growth of the AIIB. It might work outside the AIIB with Japan in order to influence the AIIB to operate more transparently and effectively. The United States and Japan might even consider joining the AIIB in the future.

After ratifying the TPP—better sooner than later—the U.S. government should consider admitting the ROK and Taiwan. In this period of deadlock in the WTO's Doha Round negotiations, the United States should work through the TPP to

¹ Peter A. Petri and Michael G. Plummer, *The Economic Effects of the Trans-Pacific Partnership: New Estimates* (Washington: Peterson Institute for International Economics, 2016), 2. <https://piie.com/publications/wp/wp16-2.pdf>

widen and strengthen regional economic integration. Eventually, it must embrace the China-centered economic sphere by admitting China into the TPP as well. An environment where the largest economic power, the United States, is excluded from the AIIB and the RCEP, and the second-largest economic power, China, is excluded from the TPP is undesirable for the long-term interests of both countries and for the Asia-Pacific economy as a whole.

SECURITY CHALLENGES IN NORTHEAST ASIA

In the realm of traditional security, U.S. policy towards China will continue to significantly shape the future of international relations, not just in Northeast Asia, but worldwide. The next U.S. administration must be prepared to cope with China's demands for recognition of its special interests and a more important role in international politics. Historically, the failure to deal prudently with the demands of a rising power has led to disastrous results. Great Britain, for instance, did not deal wisely with the challenge of a rising Germany in the late nineteenth and early twentieth century, leading to the outbreak of World War I in 1914.

Attempts to directly control and contain China, however, will arouse Chinese pride and nationalism. An appropriate policy mix must be found between cooperation with China and keeping Chinese moves in check, especially when those moves violate international rules and norms. Cooperating with China's quest for greater international standing and influence, while demanding that China, in return, respect the international security status quo, may be a *modus vivendi* between the world's largest established power and the world's new rising power.

On the cross-strait relationship between China and Taiwan, the United States should continue to support the status quo. Efforts by the Taiwanese President Tsai Ing-wen's government to pursue independence, or by the Chinese government to achieve unification militarily, would destabilize international relations in the region and must be discouraged. However, U.S. efforts to integrate both Taiwan and China into the TPP and the Asia-Pacific economic sphere would be a constructive step towards a peaceful relationship over the long term.

The United States must devise prudent policies to prevent territorial disputes over the Senkaku (Diaoyudao) Islands from descending into armed conflict. While upholding the principle of freedom of navigation and flight, it must avoid

entanglement in an accidental conflict between China and Japan. At the same time, the United States should expand ongoing military dialogues with China and add new military confidence-building measures. For example, the United States and China need to strengthen the mutual transparency of naval and air operations.

Another urgent security problem in Northeast Asia is North Korea's nuclear weapons program. Despite strenuous international diplomatic efforts over the past two and a half decades, the situation has grown worse. The DPRK is expected to be able to mount a miniaturized nuclear warhead on a long-range missile very soon, which will almost certainly threaten the United States. The new U.S. administration must find a comprehensive solution to this problem. While the rationale was understandable, the Obama administration's policy of "strategic patience"—maintaining sanctions until the DPRK takes a sincere first step towards denuclearization—has not worked, and the DPRK used the interval to increase its nuclear stockpile and develop related technologies. After the DPRK's fourth nuclear test and the launch of several long-range missiles early this year, China agreed to tougher sanctions, but how long and how strictly China will enforce them remains to be seen.

The United States must try to prevent the DPRK nuclear issue from being negatively influenced by its competitive relations with China and Russia. It would also be useful to change the Six-Party Talks into a P5+1 negotiation between the five parties and the DPRK, the same format as the successful Iranian nuclear negotiations. The United States must come up with a delicate policy mix of pressure and dialogue with the DPRK, with the right negotiating terms and timing. For example, after some period of tough international sanctions, the U.S. government needs to begin talks with the DPRK about a comprehensive settlement, including denuclearization and replacing the truce regime with a permanent peace. U.S. policymakers must keep in mind, however, that a peace agreement will be a very sensitive issue, requiring close consultation with the next ROK administration, beginning in February 2018.

The United States and other international actors should note that the DPRK's domestic economy has changed over the last two decades as a result of marketization. U.S. policymakers should consider how to leverage this internal change to persuade the DPRK to comply with international norms. At the same time, however, the United States cannot exclude the possibility of sudden, serious political instabilities in the DPRK. Thus, the next U.S. administration needs to prepare for various contingencies involving the DPRK, and actively consult with the ROK and China.

From time to time, there have been discussions in the United States about ending the nation's security commitment in East Asia. This would gravely harm both U.S. interests and the region, as East Asian countries would be forced to seek other ways to guarantee their own security. Withdrawal of U.S. forces and its security commitments from Japan, ROK, and Taiwan would compel those three countries to develop their own nuclear deterrents, making Northeast Asia a much more dangerous place, and seriously weakening the Nonproliferation Treaty regime. Even a war on the Korean Peninsula, through a misjudgment by the DPRK, might be possible. U.S. economic interests in the region would be seriously damaged by the increased volatility of the security environment.

In addition to these traditional security issues, Northeast Asia is confronted by a variety of nontraditional security challenges. Asia is more vulnerable to natural disasters than other regions in the world, and requires more regional cooperation for disaster risk reduction. The continued active participation of the United States in disaster response is important, as with efforts by the U.S. Pacific Command to respond to disasters in the Asia-Pacific region. Only the United States can provide this kind of blue-water support. Disaster relief capacity building represents another opportunity for U.S.-China cooperation.

Regarding the issue of climate change, East Asia has three countries among the top 10 emitters of CO₂. More regional cooperation is necessary to mitigate and adapt to climate change. Fortunately, the United States and China, in November 2014, achieved a major agreement to reduce greenhouse gases. This contributed substantially to the conclusion of the Paris Agreement on climate change in December 2015.

Two other important, nontraditional security issues are cybersecurity and international terrorism. These are shared problems, not competitive issues pitting nations against each other. Considering the looming importance of the cybersecurity issue and the absence of a global governance regime to address it, the U.S. administration should consider organizing an international cybersecurity summit in the United States sometime in the near future, just as it initiated the Nuclear Security Summit in 2010 aimed at preventing nuclear terrorism.

Energy security is another important, nontraditional security issue that requires international cooperation. The shale revolution has made the United States an energy surplus nation, while the ROK, Japan, and China remain heavily dependent on imports. The United States might pursue some form of energy cooperation program

with the ROK, Japan, and even China. This would help tighten the cooperative political relationship between the United States and Northeast Asia.

The American private sector and its institutions have a role to play as important as that of the U.S. government in facilitating international cooperation on nontraditional security issues. The United States and the nations of Northeast Asia need to encourage the private sector to contribute in this area. In addition, the United States and Northeast Asia should increase international, person-to-person contacts through public diplomacy, education, and cultural exchanges.

To ease the prevailing distrust and stabilize international relations in Northeast Asia, the United States should negotiate a mechanism for multilateral security cooperation in the region, one that includes China and Russia. The current security order in Northeast Asia is based on bilateral alliances descended from the Cold War period, but the region and the world have changed significantly since the Cold War ended. Developing new, multilateral institutions for security cooperation, while maintaining the current bilateral alliances, would more effectively promote the security interests of the United States in the region and reduce the economic and other, invisible costs of security. It would reduce the level of distrust, and open new space for cooperation among major powers to resolve pending security problems like the South China Sea, the East China Sea, and the nuclear program of the DPRK. It would also be a vehicle to mobilize international resources for nontraditional security cooperation.

SOCIAL AND POLITICAL PROBLEMS

Several Asian states are confronting social and political issues such as rapid urbanization, increasing pollution, rising income inequality, and threats to public health. In Northeast Asia they are most acute, especially in Mongolia, due to its weaker governance and economy. Frustration over rising income inequality, for example, is causing a growing sentiment in Mongolia favoring the Russian or Chinese models of authoritarian development instead of democratic governance.

Most of Mongolia's problems are internal, but it needs regional and international collaboration and investment to fix them. The United States has traditionally served as a coordinator of regional efforts, as a source of investment, especially in civil

society, and as a role model of democratic governance. The United States should continue to provide mentorship and promote the values of democracy, human rights, political freedom, and free markets. It should increase cultural and educational exchanges with Mongolia, and encourage participation by U.S. nongovernmental organizations (NGOs) and private institutions. Mongolia also wishes the U.S. government would offer an economic and trade policy tailored to small countries like itself—for example, by lowering the bar for entry into the TPP.

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Three states in Northeast Asia—China, the ROK, and Japan—are experiencing the problem of aging populations due to low birth rates, seriously weakening their prospects for future economic growth. They are also beginning to feel the political consequences of aging societies, such as rising conservatism and nationalism, which tend to lead to more confrontational foreign policies towards neighboring states. These societies whose workers are aging will need to depend for their future prosperity on immigrant labor. But many traditional societies like Japan, Korea, and China are uncomfortable with foreign immigration, especially in a climate of rising nationalism. The United States, on the other hand, is a nation of immigrants. It may be able to draw on its own experience to offer a model of immigration that the nations of Northeast Asia can accept, and work with these countries to build a stable system of governance for regional labor migration and cooperation.

RECOMMENDATIONS

- **Economic cooperation.** The United States should continue to support a liberal and multilateral economic order, and not respond to the troubled global economy with narrowly nationalist or protectionist strategies. The United States should ratify the Trans-Pacific Partnership (TPP) as soon as possible, and prepare policies to embrace the new Asian Infrastructure Investment Bank (AIIB), either by joining, or through constructive engagement and cooperation. In the long run, integrating the China-centered economic sphere into one Asia-Pacific economy will be better than maintaining separate U.S.-centered and China-centered spheres.
- **Regional security cooperation.** Though urgent security situations may develop in other parts of the world, the U.S. government should maintain its strong security commitment to Asia. Unlike Europe, Northeast Asia has no effective institutional mechanism for international security cooperation, despite the deepening economic interdependence of states in the region. As a result, Northeast Asia wants a continued U.S. commitment to the region. Ending U.S. security commitments in Northeast Asia would inevitably lead to the nuclearization of South Korea, Japan, and Taiwan, making the region a very dangerous place, and seriously damaging U.S. economic and security interests. Active but prudent engagement, rather than isolationism and withdrawal, will best serve U.S. interests and stabilize international relations in Asia.

On the other hand, considering the changing security environment since the Cold War, the next U.S. administration should promote multilateral security cooperation among states in the region, including China and Russia. This will reduce the cost of achieving security goals, and lay the groundwork for cooperation on pending security problems like the South China Sea, the East China Sea, the DPRK's nuclear program, and cross-strait relations. In addition, for the past several years, China, ROK, and Japan have had a trilateral cooperation mechanism. The United States may need to encourage and embrace this mechanism in order to prevent rising nationalism from developing into direct confrontations among these three countries.

- **China.** Northeast Asian states, however, do not want confrontation between the United States and China. They do not want to be forced to choose between the world's two largest powers. Most Northeast Asian countries want to benefit economically from their continued relations with China, and politically from the

U.S. security commitment in Asia. A prudent mix of engagement and hedging is a better U.S. policy toward China than either confrontation or appeasement.

- **North Korea.** North Korea's nuclear and missile programs are becoming an ever more imminent threat. The U.S. government must face the reality that "strategic patience" has failed. At some point, after pressuring the DPRK through international sanctions, the United States will need to begin talks with the DPRK to find a permanent solution to its nuclear program. On the other hand, the U.S. government should be prepared for other, sudden political instabilities in the DPRK, and begin consultations with key related parties, including the ROK and China.
- **Japan, South Korea, and Taiwan.** To allay Japan's fears about the "China threat" and stabilize Japan-China bilateral relations and international relations in Northeast Asia more generally, the United States must reaffirm its commitment to Japan's security. The United States must also reaffirm its security commitment to South Korea, which faces a grave threat from North Korea. Japan and the ROK will remain essential in the twenty-first century as the eastern pillars of U.S. global strategy. On the cross-strait relationship between Taiwan and China, the United States should continue to support the status quo. Hasty pursuit of either Taiwan's independence or unification by military means would severely destabilize the region.
- **Nontraditional security.** The United States should continue to play a leading role and facilitate international cooperation in the field of nontraditional security. Its continued contribution in areas such as disaster relief, cybersecurity, international terrorism, nuclear safety, and environmental and energy cooperation is regarded as indispensable by Northeast Asian countries.
- **Social and political problems.** The United States should continue to assist East Asian states, especially Mongolia in the Northeast Asian region, in meeting such challenges as sustainable development, urbanization, environmental pollution, and public health problems. The United States has been important in providing regional coordination, sources of investment in civil society, technological innovation, and a role model of good governance.

CONCLUSION

For many reasons, the next American president is likely to face a difficult era in Northeast Asian relations. There may be rising tensions between major powers, further complicating existing regional conflicts, and all against the backdrop of global economic problems. In addition, global problems such as terrorism, human rights violations, poverty, and environmental degradation will be calling for action by the international community.

Northeast Asia wants America to exercise international leadership in this difficult era, rather than succumbing to the temptations of isolationism and myopically defined self-interest. Exploring why the economic crisis of the 1930s was so deep and long lasting, the economic historian Charles P. Kindleberger argued that an international leadership vacuum was the major cause. The United States, though it had the capability, did not have the will to exercise leadership, while Great Britain, though it had the will, no longer had the capacity to lead.

If the United States, rich with experience in global leadership, retreats in this situation, there will certainly be a leadership vacuum.

China in 2016 does not yet seem to be ready for a global leadership role. If the United States, rich with experience in global leadership, retreats in this situation, there will certainly be a leadership vacuum. This will not only damage the long-term interests of the United States, but it will create a chaotic situation for global society as a whole. For this reason, Northeast Asia and the world expect continued leadership from the United States.



U.S. Views on America's Role in Asia

HARRY HARDING AND ELLEN LAIPSON

OVERVIEW

The next American president will find the dynamic Asian region full of opportunities and challenges, a vital arena for U.S. national security and foreign policy engagement. Whether or not the new leader seeks to introduce important changes to U.S. strategy in Asia, the president will find a complex and compelling set of issues to address, including the perceptions and expectations of Asian leaders and publics about America's role. In fact, the next U.S. president will find the diverse countries of Asia, including some of the world's most important rising powers, eager to set their own agendas. If U.S. interests and actions are compatible with Asia's objectives for security, prosperity, and good governance, U.S. policymakers will find opportunities for cooperation on Asian and global issues. The next president must also be prepared to deal with inter-Asian tensions and rivalries, and to sustain a network of alliances that have been the key pillar of American influence and power in the Asia-Pacific region.

This chapter examines the Asian landscape and its myriad policy issues, and seeks to identify a non-partisan course for American policy that takes into account the views of the many influential and informed Asian thinkers and practitioners who came together in three regional workshops to share their thinking with The Asia Foundation. The chapter also tries to capture a general consensus among American foreign policy experts and former government officials with deep insight into the past record of U.S.-Asian relations and the Obama administration's ongoing initiatives. We hope to identify areas of likely continuity, as well as specific issues where there is a demand for new and different American approaches. We are confident that Asia will only grow in strategic importance for the United States, and therefore that careful consideration of ways to strengthen and enhance the U.S. role in the region should be high on the next president's to-do list.

THE ASIAN CONTEXT

As it has been for decades, Asia remains one of the most economically dynamic regions of the world. Asian societies have successfully integrated themselves into the contemporary global economy through a set of government-guided but market-friendly policies that have encouraged production for export, usually in partnership with foreign multinational corporations that can provide access to capital, technology, designs, brands, and overseas markets. That policy was inaugurated in Japan and Northeast Asia, spread to China and Southeast Asia, and is now being adopted by countries in South Asia as well, particularly India and Bangladesh.

The results of these policies have generally been spectacular. China has emerged as a major global trader, and now is rapidly becoming a major source of infrastructural and commercial investment, with the prospect that India may follow suit. While some Asian countries remain desperately poor, others have achieved industrialized, middle-income status, and still others have become high-income, post-industrial economies.

Another result of Asia's economic dynamism has been a growing interest in regional institution building. As the successful Asian economies continue to seek markets abroad, and as more developing countries in Asia seek to promote growth by following the path of greater integration into the global economy, a variety of economic blocs are emerging or being proposed to reduce barriers to trade and investment. Some, like the concepts of an ASEAN Free Trade Area and an Asia-Pacific Free Trade Area, are centered on Southeast Asia. Others, like the Trans-Pacific Partnership (TPP), are centered on the United States. Still others, like the Regional Comprehensive Economic Partnership, are centered on China. There is also a growing number of bilateral and "mini-lateral" agreements that include smaller groups of economies. But these arrangements embody different standards, with the U.S.-led free trade arrangements far more demanding than those led by China, and their sponsorship by different powers may make them competitive rather than complementary. Some Asian observers are expressing the hope that these smaller trade arrangements can somehow be combined into a region-wide trade agreement with broader membership, although reaching agreement on the membership and terms of such an agreement will be difficult.

Asia's economic dynamism produces many opportunities for both Asia and the United States. But there are doubts that the region's economic growth can

continue if a slowing global economy reduces the external demand on which it has depended. Moreover, other developments—some of which are produced by this same economic dynamism—are generating serious domestic challenges for many Asian countries: preserving political stability despite slower growth, addressing the tensions produced by increasing socioeconomic inequality, maintaining conventional security in the face of transnational terrorism and the rising military power of regional rivals, and ensuring the many aspects of non-traditional security that are under threat from industrialization and globalization, including climate security, energy security, food security, water security, and health security.

***Most Asians seek continued U.S. involvement in the region—
diplomatically, economically, socially, and militarily.***

Facing this complex combination of challenge and opportunity, most Asians seek continued U.S. involvement in the region—diplomatically, economically, socially, and militarily. On balance, they believe that, despite some important lapses and exceptions, the American role in Asia since the end of the Cold War has benefitted their region by promoting their common interests in security, prosperity, and better governance. However, one of the trends that is of greatest concern to Asians today is the extent to which this historic American role in the region has been questioned during the 2016 U.S. presidential election campaign and undermined by budgetary constraints. Some of the main principles in U.S. foreign policy over the last 30 years—a belief in free trade, a firm commitment to the security of its allies, an interest in establishing and strengthening international norms and institutions, and a desire to promote effective and responsive governance and universal human rights—have been questioned by one or both of the major candidates, as well as by important segments of public opinion. And even if those debates are resolved in favor of continued U.S. involvement, as most Asians hope, Asians would still like to see some aspects of American policy modified in ways that they believe would better contribute to the security and prosperity of the region. Their recommendations involve not only some changes in American policy towards the region, but also effective steps to revitalize U.S. political institutions and the American economy.

THE RISE OF CHINA

Most discussions of Asia today understandably begin with the rise of China. The size and growth of the Chinese economy, and now its gradual shift from investment to consumption, have provided neighboring countries with attractive new markets. In addition, the increasing availability of Chinese capital—both from Chinese private and state corporations and from new Beijing-led financial institutions and projects such as the Asian Infrastructure Investment Bank, the New Development Bank, and the “One-Belt, One-Road” initiative—offers new opportunities for Asian economies seeking to build infrastructure and engage more extensively in trade.

While the rise of China presents many economic opportunities for its neighbors, it also poses a variety of challenges. One challenge, in the economic and commercial realms, is navigating among the economic groupings led by China, the United States, and ASEAN. Additional uncertainties arise from the uneasy juxtaposition of reforms aimed at rebalancing the Chinese economy, restructuring state-owned enterprises, and providing greater openness to foreign investment, with mercantilist policies intended to protect strategic sectors and promote Chinese “national champions.” Although China will become a market for some Asian economies, it will be a powerful economic competitor for others. Moreover, Chinese leaders are warning that slower economic growth in their country is now the “new normal,” implying that the market opportunities presented by China may be less than some had hoped.

Alongside these economic uncertainties are major security risks. Asians anticipate that China will soon surpass the United States in the aggregate size of its economy, and then will eventually surpass or equal the United States in other aspects of national power. As the balance of power shifts in China’s direction, there is a widespread apprehension that Beijing will seek to increase China’s role in regional affairs while simultaneously reducing that of the United States, possibly to the extent of seeking political dominance in the region. Some observers point to statements by Chinese President Xi Jinping that the region’s security problems should be addressed by the Asian countries themselves, without the participation of outside powers, as evidence for this possibility.

For Japan and several Southeast Asian countries, territorial conflicts with China in the East China Sea and the South China Sea, and Beijing’s greater assertiveness in its territorial claims, are especially problematic. The recent decision by the International Tribunal for the Law of the Sea in The Hague did not resolve many issues in the South China Sea, if only because Beijing refused to acknowledge its jurisdiction, and

because the tribunal did not rule on the competing claims to sovereignty over the rocks, reefs, and islands in the area. China's rise is of even greater concern to Taiwan, which views Beijing's demand for unification as an existential threat to the island's autonomy and democratic institutions.

Accordingly, other than the Chinese themselves, most Asian observers have welcomed the Obama administration's policy of "rebalancing"—increasing both its diplomatic attention and its military deployments in the Asia-Pacific region—especially since it added an important economic dimension: the efforts to negotiate the Trans-Pacific Partnership.

But the U.S. "pivot to Asia" creates risks as well as benefits. Beijing sees the policy as a thinly disguised American attempt to contain China's rise, especially since China has thus far been excluded from potential membership in the TPP, which the Obama administration has explicitly described as an attempt to prevent China from "writing the rules" for regional trade and investment. Some Asians, therefore, fear that rebalancing adds a further element of strategic competition to the already strained relationship between the two countries. For this reason, some Asians have questioned the wisdom of American freedom-of-navigation exercises within what China claims as its territorial waters surrounding artificial islands it has built in the South China Sea. American allies such as Japan and Australia are particularly concerned that a military confrontation in a regional hotspot such as the Korean peninsula, the Taiwan Strait, or the South China Sea, even one that stopped short of war, would generate American demands for diplomatic backing or even some form of military support.

As a result, along with the growth of Chinese power, most Asian analysts see the evolution of U.S.-China relations as the second-most important long-term risk facing the region. Despite the efforts of Washington and Beijing to build a cooperative relationship over the last two decades through a continuing series of bilateral negotiations and dialogues, Asians believe that the two countries' disagreements over a wide range of international problems, bilateral issues, and political values remain serious, and that the Sino-American relationship is becoming more competitive and somewhat unstable. To be sure, most Asian observers remain confident that, absent severe miscalculation, the combination of mutual deterrence, economic interdependence, and extensive societal links between the two countries will prevent direct military conflict. Nonetheless, a competitive relationship between China and the United States makes it more difficult for the two countries to cooperate in addressing regional problems, and if

their rivalry increases, even presents the danger that Beijing and Washington will press smaller countries in the region to choose sides.

Paradoxically, the opposite scenario has also raised concern. In the aftermath of the global financial crisis, some policy analysts in the United States suggested the creation of a “G2”: a close partnership between the United States and China that could not only restore the health of the world economy, but also address other regional and global issues. But the possibility of a Sino-American condominium proved nearly as unattractive to most Asians as a Sino-American confrontation, since it implied that Beijing and Washington would manage regional affairs without much attention to the views of smaller states. Given the rising tensions between the two countries, such a relationship now seems far less likely than when it was first proposed. But the possibility of what some call a “grand bargain” between China and the United States, in which Washington defers to Beijing on most regional issues in exchange for Beijing’s acceptance of American leadership elsewhere in the world, remains a worrisome variant of the original G2 concept.

On balance, many Asians prefer a U.S.-China relationship that, while not conflictual, is moderately competitive, since that would give their countries greater maneuverability between the two regional superpowers without forcing them to choose sides or serve as pawns in the Sino-American rivalry. A relationship between the United States and China that embodies the “Goldilocks preference”—not too hot, not too cold, but just right—is the most desirable outcome for many nations in the region.

THE RISE OF OTHER ASIAN POWERS AND TRANSNATIONAL SECURITY CONCERNS

In addition to the dramatic rise of China and the uncertainties surrounding the U.S.-China relationship, the evolving strategic ambitions of Japan, Russia, and India in the region—some of which are the result of China’s rise—are also of concern to Asian observers.

Japan’s growing military expenditures, its greater willingness to engage in collective defense operations with the United States, and, above all, Prime Minister Abe’s proposals to amend the Japanese constitution to permit the use of force in addressing the country’s security threats, may increase strategic uncertainty as much as

they enhance strategic stability. The Sino-Japanese relationship is particularly strained, given the two countries' continued differences over the ownership of the Senkaku (or Diaoyutai) islands and over Japan's responsibility for World War II. Other countries, especially Korea, also mistrust Japanese strategic intentions, given both its involvement in World War II in the Pacific and its coercion of foreign women from the countries it colonized or occupied to serve as military prostitutes (euphemistically known as "comfort women") before and during the war.

Similarly, the expansion of India's naval presence in the Indian Ocean and its increasing security cooperation with the United States, although still far less institutionalized than the U.S.-Japan alliance, also produce strategic uncertainty, especially if they are countered by a corresponding buildup of Pakistani conventional and nuclear forces or a closer security relationship between Pakistan and China. India's border dispute with China, while relatively quiet in recent years, remains unresolved. In addition, Russia's military presence in Asia, while smaller than it was at the height of the Cold War, is still significant, and what is widely regarded as aggressive Russian policy towards the Ukraine, Central Europe, and the Baltic states suggests dangerous parallels for Asia as well, especially with Moscow announcing a "turn to the East" as its relations with the West have deteriorated. Growth in Russian regional deployments, an increase in Russia's military ties with China or India, or any further deterioration in Russian-American relations would be of concern to many in Asia.

Other pairs of countries in the region have territorial disputes, most notably India and Pakistan, Japan and Russia, and Japan and South Korea. Several countries have competing claims in the South China Sea, not just with China, but also with each other.

To make matters worse, there are few mechanisms in place to manage a rise of tensions among these regional powers. China and Japan, to manage their differences, lack a robust bilateral security forum comparable to the numerous political and security dialogues and exchanges linking China and the United States. Some Asian observers warn that a confrontation between China and Japan over their territorial disputes could draw in the United States, and possibly other American allies as well.

More generally, although the region is becoming increasingly integrated economically, it is not yet integrated politically or strategically. As one participant in our project succinctly put it, in Asia, prosperity is more abundant than security. There is much economic interdependence, but it coexists with tension and competition in the strategic realm. To some degree, Southeast Asians enjoy increasing political

integration and security cooperation through the Association of Southeast Asian Nations (ASEAN), but Asian analysts acknowledge that many of the trends in the region, along with long-standing cultural, economic, and security differences among its members, are producing splits within ASEAN that are making it more difficult for it to achieve the consensus that its norms for collective decision-making require. There is a comparable organization in South Asia, the South Asian Association for Regional Cooperation (SAARC), but it has thus far achieved far less than ASEAN, either economically or politically. The Shanghai Cooperation Organization (SCO), established by China, supports cooperative security programs in Central Asia, but is still narrowly focused on combating what the organization calls terrorism, separatism, and extremism. And in Northeast Asia, there is no inclusive subregional organization at all. While there are some multilateral security mechanisms to which the major Northeast Asian actors belong, such as the official ASEAN Regional Forum and the Track II Shangri-La Dialogue, Asian analysts do not see them as providing particularly reliable ways of shaping China's security policy in the region or of managing the other uncertainties outlined above.

In Asia, prosperity is more abundant than security.

Individual countries also raise significant security concerns. North Korea continues to develop nuclear weapons and ballistic missiles despite the tougher sanctions recently imposed by the UN Security Council. While China has cooperated to some degree in approving and enforcing those sanctions, Beijing has also made clear that it is unwilling to countenance the collapse of the North Korean regime given the many problems this would create, including a flood of refugees into China and questions over the future of North Korea's nuclear arsenal. Perhaps as a result, North Korean leader Kim Jong-un has defiantly reaffirmed that his country's national security depends on its development of long-range missiles and nuclear weapons, and that negotiations over denuclearization are no longer feasible. Increasingly, therefore, many Asian analysts have concluded that U.S. policies toward the DPRK—including the Six Party Talks on North Korean denuclearization, and the policy of “strategic patience” until the North Korean regime collapses or adopts meaningful economic reforms—have failed, and a new approach is needed. Meanwhile, there remains the possibility of either regime collapse or increased military confrontation on the Korean peninsula.

Afghanistan is another country where U.S. policy has achieved disappointing results. American efforts to defeat the Taliban and build a stable and effective Afghan government have not been entirely successful, and many Asian analysts fear that, out of frustration and “war fatigue,” the United States will withdraw from Afghanistan before it has completed its missions. They believe that such a withdrawal would be a mistake, for continued U.S. involvement in Afghanistan is seen as vitally important for the region’s security. But they acknowledge that the American approach will have to change to achieve better results with fewer resources. In addition, Afghanistan’s neighbors recognize the need for more regional leadership to support the country’s security and development needs.

A related security threat, jihadist terrorism, is again a growing concern for Asian countries with Muslim minorities, including China and countries in both Southwest and Southeast Asia. The rise of ISIL in Iraq and Syria, and its ability to direct or inspire terrorist attacks on a variety of soft targets around the world, including in Jakarta and Dhaka as well as in Brussels and Paris, show that jihadist terrorism is an increasing problem for Asia as well as for the West.

THE ECONOMIC AGENDA

As noted above, several South and Southeast Asian countries show great interest in deeper integration into the international economy, following the path forged by Asia’s successful emerging markets in earlier decades. Slower growth in China, along with continued stagnation in Japan and sluggish growth in the United States and Europe, challenges this hitherto effective strategy by raising the question of where Asian exporters will be able to find large, growing markets. Asians are looking to attach their economies to global “engines of growth,” but thus far are unable to find them.

A slowdown in the world economy comes at a bad time for Asian economies that are facing the “middle income trap,” in which the early gains from labor-intensive, export-oriented growth are winding down, and governments and societies are seeking new industries and technologies that can fuel continued growth. In many places, there is the perception that passing through this middle-income trap successfully will require reforms in economic and governance structures, to overcome not only slower economic growth, but also what one participant in our

project called the “growing gap between state and society.” There is also widespread recognition that these reforms will be difficult.

Meanwhile, the wealthier parts of Asia are experiencing what might be called the “high-income trap,” characterized by slower growth, flatter incomes, increasing inequality, and growing apprehension among the younger generation about their ability to find rewarding jobs and purchase homes of their own. As in the West, Asians are uncertain as to whether continued advances in information and communication technologies will lead to renewed productivity and global growth, or whether they will cost jobs without increasing wages or overall output. These doubts are producing a backlash against globalization—against deeper integration into the regional and global economies—similar to that recently seen in the United States, in parts of Western Europe, and especially in the British decision to leave the European Union. In Asia, that backlash is most evident in Hong Kong and Taiwan, where it is particularly directed against deeper economic relations with China, and in Japan, where it is reflected in growing doubts about whether “Abenomics” will ever be able to revive the stagnant Japanese economy.

In both middle-income and high-income Asian societies, rapid urbanization is damaging air quality, raising demand for water, food, and energy, and putting increasing pressures on public health, waste disposal, and water supplies. Many of these problems are exacerbated by the effects of climate change, including rising temperatures, more violent storms, and rising sea levels. Asians are increasingly concerned that these may produce social unrest and, in the worst case, flows of refugees and migrants across borders and competition over transboundary water supplies. The absence of effective multilateral security arrangements and the tensions among major powers limit the region’s ability to manage these issues, since many if not all of them will require multilateral responses that pool financial and organizational resources across the region.

These domestic, socioeconomic problems are raising concern about the viability of several Asian political systems. In addition to the ongoing Islamic insurgency in Pakistan and Afghanistan and the risk of political implosion in North Korea, we are seeing tighter political controls over the media, universities, and civil society in China, fragile democratic institutions in Mongolia, retreats from democracy in Malaysia and Thailand, the emergence of a new populist government in the Philippines, and resistance to economic reform in India. Corruption and legal abuses remain serious problems in many Asian societies. All this suggests that the progress

toward liberal democracy, effective governance, and stable political institutions that began in the 1980s may not be as permanent as optimists had believed.

Overlaying all these trends is the emergence of a new, self-conscious generation of Asian youth, linked to one another through the Internet and social media, often critical of the problems of environmental degradation and social injustice in their own societies, and apprehensive about their prospects for employment. Where their elders were primarily interested in political stability and economic growth, younger Asians demand more: a clean environment, a better quality of life, good governance, and equitable economic outcomes. Both Asian governments and governments outside the region, including the United States, will have to adjust to the emergence of this new generation and be aware that the new generation of Asian leaders will forge closer personal and virtual connections with the new generations rising elsewhere around the world.

HOW ASIANS SEE THE AMERICAN ROLE

One of the principal conclusions of this project is that many if not most Asian leaders and analysts believe that American involvement in the region has been essential to achieving the benefits and managing the risks associated with these developments. U.S. sponsorship of free trade, both through multilateral mechanisms such as the WTO, APEC, and the TPP and through bilateral free-trade agreements with Asian partners such as South Korea and Singapore, has been critically important in providing open markets to export-oriented Asian economies. The American military presence, now enhanced by the Obama administration's "rebalancing" policy, has provided assurance to countries anxious about the rise of new powers, and deterrence against the outbreak of conflict in the Korean Peninsula, the Taiwan Strait, and the South China Sea.

In addition to its involvement in Asian security, there are many cases in which the United States has exercised soft power in Asia to achieve common objectives. The United States has provided assistance to countries seeking to build more effective institutions of governance—both governmental institutions and civil society organizations. Offering educational opportunities to successive generations of young Asians—whether through formal U.S. government programs or scholarships and fellowships from American colleges and universities—has been more effective and more highly valued than many Americans realize.

High-level U.S. official participation in regional organizations and forums, including presidential attendance at the East Asian Summit and the newer U.S.-ASEAN Summit, has provided a symbol of the priority that Washington assigns to the region. While there is some demand to create even more regional institutions or formal meeting protocols, such as a Northeast Asian security forum, the most important concern for Asians is to have a steady and reliable, senior American presence at the most important summits.

The United States is also seen as having played a major role in the creation of global norms, rules, and institutions that help guide international relations in Asia, and a supportive (if not always leading) role in the development of regional institutions and initiatives. Moreover, Asians do not believe that there is any other country in the region that can replace the leadership that the United States has provided since the end of World War II. A continuing American role in the region therefore remains essential to many Asians, and important to most.

UNCERTAINTIES ABOUT THE UNITED STATES

Asian observers are uncertain, however, about whether these commitments and policies will continue after the 2016 U.S. elections. To some degree, concerns about the future course of American policy in Asia arise during every election cycle, especially when the incumbent president is not running for reelection. In such a situation, there is uncertainty about the orientations and preferences of the next administration—especially if the new president has not previously been deeply involved in Asia policy—as well as about the future leadership of Asia-related committees in the Senate and the House, and the relationship between the new administration and Congress.

These familiar concerns are even greater this year. The 2016 presidential election campaign has revealed mounting skepticism among both the candidates and the broader American public about several traditional aspects of American foreign policy that are highly relevant to Asia. Perhaps the most obvious has been the growing criticism of free trade. Not only did Republican candidate Donald Trump promise to renegotiate or even abrogate existing free trade agreements such as KORUS, and pending trade agreements such as the TPP, but he also threatened to impose punitive tariffs on imports from China in response to the chronic Sino-American trade imbalance and to continuing allegations that China's currency is

undervalued so as to restrict imports and promote exports. Democratic nominee Hillary Clinton has also called for the renegotiation of the TPP, saying that it “did not meet my standards” for a new international trade agreement. And while criticizing Trump for threatening a “trade war” with China, she promised to take a tougher stand on trade issues with Beijing, saying that “we are going to once and for all get fair treatment, or they’re not going to get access to our markets.”

This skepticism about free trade, not just with China but with other Asian partners as well, reflects the fact that, in the United States as in many other countries, the liberalization of trade and investment—together with domestic technological change—has produced losers as well as winners: cities that have lost their core industries to foreign competitors or to out-sourcing, wage-earners whose incomes have been declining or stagnant for decades, and families who can no longer confidently expect that their children will enjoy more comfortable and more secure lives than their parents. So far, trade adjustment mechanisms have not alleviated those concerns.

In criticizing the principle of free trade, Donald Trump questioned one of the most important themes in American foreign policy in recent decades. But he has challenged others as well: the promotion of human rights that began with Jimmy Carter, the efforts to build global institutions associated with George H.W. Bush, the nation-building efforts in the Middle East and Southwest Asia of George W. Bush, and, more generally, how far the United States should go in providing global public goods through its financial and military contributions to international financial institutions and its alliance network. Whatever the fate of Mr. Trump’s candidacy for president, Asians are aware that his views reflect a broader public debate over America’s long-term strategy in the region: Should the United States try to maintain, with its allies, strategic dominance in Asia? Should it back away somewhat and serve as an external regional balancer, no longer seeking dominance, but trying to maintain security and mediate regional conflicts while promoting regional economic prosperity? Or should it cede to China a much greater role in the region in exchange for Chinese support on other international issues? Should it continue to promote human rights and regime change? Or should it be willing to work with authoritarian leaders as long as their foreign policies do not threaten core American interests? The debate over these alternative strategies suggests the possibility, however remote, of the greatest change in American foreign policy in Asia since the end of the Cold War, and possibly since the end of World War II. For those who prefer continuity in American policy towards Asia, these developments are concerning, if not alarming.

Beyond the campaign debates over American strategy in Asia, Asians also worry about other factors that might undermine the continuity of American policy in the region. Some are concerned by what they regard as an equivocal U.S. commitment to the security of some its friends and allies. In many cases, this is the result of the complexities inherent in the situation, as in American reluctance to give unqualified support to Japanese and Philippine territorial claims against Beijing, for example, or to a Taiwanese declaration of independence from China. In other cases, the uncertainty is the result of changes in the balance of power. The growth of China's military power and the development of nuclear and missile capacity by North Korea raise concerns about the credibility of American commitments to the security of Taiwan and even South Korea. Smaller countries' fears of abandonment by larger allies are a regular feature of international politics, but it is important for Americans to understand that they are reemerging in contemporary Asia, and that they complement the fears of entrapment in a confrontation between China and the United States described above.

Moreover, U.S. deficits, periodic sequestrations and budget cuts, and the growing burden of entitlements as the American population ages all raise questions about whether key aspects of American Asian policy—especially defense and development assistance programs—will continue under a new administration. Asians also wonder whether the United States will be able and willing to maintain recent levels of support for its public diplomacy and educational exchanges with Asia, which may also be vulnerable to budget cuts. Given the demands on the president's time, regular presidential participation in regional diplomatic initiatives cannot be assured, let alone visits to all the Asian capitals that will be competing for attention. And some point to the protests against American bases in Japan and the installation of the THAAD missile defense system in Korea as grounds for concern that some of the cornerstones of the American military deployments in Asia may be vulnerable to domestic opposition within the region. While some of these worries may be exaggerated, and while big changes in American policy towards Asia may be unlikely in a new administration, American policymakers should appreciate that the level of apprehension about the future of U.S. policy towards the region is unusually high.

OUR RECOMMENDATIONS FOR THE NEXT PRESIDENT

After a bruising electoral campaign, the new president will most likely give priority to bringing the country together, setting an ambitious domestic agenda, and beginning the laborious process of naming and confirming a new set of political appointees for the cabinet and key policy positions. The timing of getting a new team in place will depend in large measure on whether the Senate is controlled by the same party as the White House.

But foreign policy will not wait, and the world will be anxious to hear how the new president sees America's role in the world. Asians will be particularly alert for signs that the new president will sustain the nearly decade-long public recognition that Asia is a vital arena for American interests, perhaps more important than any other region of the world.

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The new president may find that the “rebalance” concept remains useful, or may seek new language to characterize the importance of Asia for American national security. A new linguistic formula must not generate more confusion than clarity, as the use of the terms “pivot” and “rebalance” sometimes distracted from the clear evidence that American officials were giving more attention to Asia and were participating in more Asian forums and activities. Some have suggested “partnership” as the overarching concept, encompassing a full spectrum of relationships, from formal alliances to looser or even sometimes adversarial relations. “Partnership” between America and Asia can also capture the notion that we work together for Asian security and prosperity, to be sure, but also to sustain the global commons and to cooperate on achieving global peace and security.

Of greatest importance are early signs from the new administration that it will devote high-level attention to the region. An early pledge by the new president to visit key Asian capitals in the first few months would be reassuring, and would buy some time as the new team is slowly assembled. A commitment to sustain the Obama administration's relatively successful level of presence and participation would be welcome, and the duties could be shared between the president and vice president, particularly if the vice president brought foreign policy experience and could serve as a stable point of contact for the steady stream of regional institutional meetings.

More concretely, we advise a continued approach to Asia that demonstrates a comprehensive understanding of the American interests at stake: a commitment to regional security based on alliances and other more inclusive security networks, an economic strategy that promotes economic cooperation and connectivity, and a robust investment in soft-power activities and people-to-people exchanges that bring long-term dividends to the United States

As for the complex architecture of regional and subregional institutions, which is expanding with several Chinese initiatives, we would urge the new president to focus on a few core principles: Assess which of the existing institutions are most effective and relevant to U.S. policy priorities; avoid reacting negatively to new initiatives by China, and seek common ground on the purpose of new institutional proposals; and commit to steady and reliable, senior U.S. participation in the major forums, including the East Asia Summit, APEC, and the ASEAN Regional Forum. Various bilateral and selected multilateral structures have also proven useful, and could be a way to address a demand from Northeast Asian allies for a new consultative process, and to include India in strategic discussions with Asia-Pacific leaders. The next president's willingness to continue the newly established Sunnylands Summit with ASEAN leaders would also be viewed very favorably in that region of Asia.

SECURITY

The strategic approach to China in some ways must be viewed as a global responsibility, not just a component of an Asia-focused policy. U.S. national security institutions will continue to develop their capacities to manage a relationship that is both cooperative and competitive. Many Asians hope to avoid having to choose between China and America as their key partner; a wise U.S. strategy would accommodate friendly Asian countries that also wish to expand ties with China, and

would avoid any appearance of spheres of influence that could be seen as dividing Asia into two camps.

- China strategy will likely include deepening military exchanges and cooperation in distinct areas of shared concern such as disaster response, while improving our deterrence of China's more aggressive pursuit of territorial and maritime gains.
- Continued engagement in Northeast Asia will be essential, both to manage and contain North Korea, and to assure South Korea and Japan of our enduring commitment to their sovereignty and security. The administration could explore with Northeast Asian allies the prospects for a new subregional security organization, although North Korea will pose a particularly complex challenge, and the United States will want to avoid moves that exacerbate Sino-Japanese relations.
- Some call attention to the challenge that a more belligerent Russia could pose in Northeast Asia, and urge the new administration to carefully calibrate its approaches to China and Russia, to avoid a spillover from Russia's tensions with the west into Asia, and to encourage Russia to play a constructive role in mitigating Asian problems.
- It is possible, nonetheless, that the next president will face real crises with China, and will need to consider new measures to deal with a more aggressive China and the threat it might pose to American allies and partners, and directly to U.S. security and economic interests.
- The presence of American forces, particularly maritime forces, has long been seen as a critical component of America's Asia strategy, and we strongly urge continuity in the U.S. role as guarantor of freedom of navigation in the Indian and Pacific Oceans, and of Asia's role as transmission belt for the world economy. This vital American role would be enhanced if the United States ratified the United Nations Law of the Sea Convention (UNCLOS).
- It will be important to keep a close watch on South Asia, and to work with India and Pakistan to avoid any new tensions over terrorism or other geopolitical issues. As the U.S.-India relationship deepens, and as the now extended drawdown of U.S. forces in Afghanistan has some ripple effects in U.S.-Pakistan relations, the United States should not be complacent about this crisis-prone region.

- Afghanistan will also continue to demand senior policy attention, as U.S. efforts to stabilize the country with security, political, and development support will require more time. We encourage the new administration to conduct a careful reassessment, with the goal of recalibrating American objectives in the country. The rise of the Islamic State has led some to believe that Afghanistan could again be a major arena for international terrorism. We see the need for a more achievable set of objectives that manage the risks emanating from the country and move U.S. policy towards realistic, long-term development goals, along with a commitment to work with Afghanistan and its neighbors to improve the economic and security environment.

ECONOMICS

In our judgment, the new administration must revisit the campaign positions on the Trans-Pacific Partnership (TPP) and find a way to move forward on this comprehensive trade agreement, which most Asians see as a positive and mutually beneficial pillar of the American role in the region. Walking away from TPP would be the single most harmful thing the new president could do to derail the progress already achieved in working with Asia for its economic growth and for shared benefits for all trading partners, in particular the United States.

- TPP revisions will be difficult to negotiate, but key Asian trading partners may be amenable to some new approaches as the lesser of evils. It may not adversely affect Asian interests if revisions to make the deal more palatable in the United States include additional trade adjustment assistance for Americans displaced by expanded trade.
- It would be preferable to maintain the standards for inclusion developed during the negotiations, but to hold open the possibility of a second-tier membership for countries that would not qualify as founding signatories.

A second economic priority is the American response to Chinese initiatives, including the Asian Infrastructure Investment Bank. Most Asian experts believe the United States erred in its initial response and must find a way to engage the bank, perhaps as an observer with the goal of eventually becoming a member. In the likely event of other Chinese-led initiatives in the economic realm, we urge the

administration to avoid a visceral negative reaction, and to find ways to use such initiatives to help China become a responsible actor in a rules-based order.

A third economic challenge for the United States is to reenergize the “Silk Road” concept to partner with Asian countries and with the business communities in the United States and beyond to expand trade routes and economic interactions and improve Afghanistan’s basic infrastructure. The United States cannot stand aside while China develops its “One Belt, One Road” initiative. Early U.S. efforts were perhaps overly ambitious, and did not receive sufficient budgetary resources to succeed, but American leadership, ideally with China, India, and others as partners, could help improve regional relations in South Asia, and could contribute to Afghan stability. Identifying early some projects that would show new U.S. enthusiasm for a more robust economic network in South and Southwest Asia would be a worthy policy initiative of mutual economic benefit.

SOFT POWER AND CIVIL SOCIETY ENGAGEMENT

The United States has come to see Asia as an arena of great-power competition, and of powerful economic dynamics that have global consequence. We hope the new administration will also devote attention and resources to the third pillar of American engagement: promoting the ideals and values that have helped many Asian societies make the transition to democracy and to more open economies. Asian elites are calling on the United States not to neglect its long-standing role in promoting good governance, rule of law, and human rights in the region.

- Striking the right tone with countries that are moving, sometimes slowly, in the direction of more open and inclusive governance is important: Asians want the United States not to preach or hector them, but to be respectful of local conditions and history.
- Allocating sufficient resources to sustain high-value scholarships, training programs, and cultural exchanges will be a smart investment in sustaining pro-American constituencies in most Asian countries.
- We also see exciting opportunities to reach out to young Asians through creative use of information technologies and social media. American diplomats and educational institutions have found smart ways to engage

young, tech-savvy Asians. These activities, including the Young Southeast Asia Leaders Initiative (YSEALI), will benefit from some early endorsements by the new presidential team.

- Following recent improvements in relations with Vietnam and Myanmar, some Asians would like to see more U.S. creativity towards the DPRK. While the nuclear issue will remain a paramount security concern, the United States should consider ways to engage North Koreans to give them a more realistic understanding of the world outside their hermit kingdom.
- In general, the transnational problem set—from climate change to migration, energy, food security, and cyber issues—is a natural arena for U.S.-Asian cooperation, which need not be directed entirely by governments. The United States can help facilitate public-private partnerships or otherwise enable deeper collaboration between humanitarian, development, and scientific communities in Asia and in America to address this daunting agenda of twenty-first century problems.

BIG WORRIES

We recognize that there could be major disruptions or setbacks to our projected path for U.S. engagement with a dynamic Asia. Here are a few broad areas of concern that might require major adjustments to U.S. policy:

- U.S.-China tensions will rise over the next 20 years. This could play out early in the new administration over maritime and territorial disputes or over North Korea. Many Asian countries would be directly affected by a more aggressive China and an escalation of U.S.-China tensions. Demands for U.S. diplomacy and military deterrence will rise, and will affect all other aspects of U.S. Asia policy, probably drawing some countries closer to the United States, but creating hard choices for others.
- Asians worry that the United States might choose to pull back from its Asian commitments, driven by domestic or competing international priorities. The growing concern over Russia's resurgence in Europe could lead the United States to refocus on its NATO responsibilities at Asia's expense. A new president could

also expect key Asian allies to take more responsibility for their own defense as a way of reducing the burden on the United States

- The United States will remain politically committed to its engagement in Asia, but it will not provide sufficient resources to balance China's investments. Some point to the startling disparity between China's declared \$1 billion investment in "One Belt, One Road" and the U.S. contribution of just \$30 million to its own initial "Silk Road" proposal. Many worry that, over time, the imbalance in resources will lead many smaller Asian countries to drift into the Chinese orbit, despite their preference for friendship with both great powers.



Intelligent power network in 2014

Smart Grid construction

Laid a groundwork for low-carbon green growth through Smart Grid construction



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a map

Developed the Smart Grid construction map

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The Future of Asia

Editor's Note

Past editions of America's Role in Asia have comprised chapters written by the three Asian chairs, from Northeast, South, and Southeast Asia, and the two American co-chairs. These individuals are established foreign policy professionals from government, policy institutes, and academia on both sides of the Pacific. While each iteration of this project has also profited from the contributions of a number of young, emerging leaders who have participated in the workshop discussions in Asia, we have never given them the opportunity to express their views in writing. In 2016, for the first time, The Asia Foundation dedicated one session in each Asian workshop to "The Future of Asia," with one young presenter from every Asian nation that participated, and we invited three of them—one from each subregion—to contribute an essay that looks beyond the four-year American election cycle to consider Asia's future over the next 10 to 20 years. These essays, expressing Pakistani, Cambodian, and Chinese perspectives, examine the challenges and opportunities that Asians will face over the next one to two decades, how Asians themselves can address them, and what role the United States should play in enabling Asian societies to benefit from their emerging future.

THE FUTURE OF SOUTH ASIA AND THE ROLE OF THE UNITED STATES —BY WAJAHAT ALI

With economic growth averaging 6 percent over the last two decades, South Asia has one of the world's most dynamic economies, yet its member states have failed to reap the full benefits by developing strong commercial relations with each other. South Asia took its first concrete step toward regionalism more than 30 years ago, with the creation of the South Asian Association for Regional Cooperation (SAARC), an intergovernmental body to pursue economic development and social progress by increasing regional collaboration. SAARC was primarily an initiative of the smaller South Asian nations, however, and was viewed from the outset with suspicion by India and Pakistan. It held several sessions in the ensuing years, bringing together the top leadership of its member nations to work for greater integration, but the region's political environment and peculiar geography impeded progress, and eventually rendered SAARC largely irrelevant. Today, according to the World Bank, total trade among the nations of South Asia is less than 5 percent of their trade with the rest of the world, and it remains easier and more cost-efficient for them

to explore economic opportunities at other global destinations than to exploit the economic potential of their own region.¹

While South Asia's collective potential is waiting to be unlocked, it remains fraught with political fault lines, and has become a battleground for the competing interests of regional and international actors. In the absence of greater integration and collective political vision, the region is likely to be torn by the influence of big power politics between the United States and China, its future contingent on how these two countries deal with each other. To play a constructive role in the region, the United States should push for greater regional integration, encourage a normalization process between India and Pakistan, and help South Asian nations address outstanding development challenges.

THE QUEST FOR GLOBAL DOMINANCE

The Asia-Pacific is home to several nations, but it doesn't seem to be big enough to accommodate the rivalry between the world's two top economic powers. In the fall of 2011, the U.S. administration announced its policy to rebalance, or "pivot," towards Asia, followed by its decision to deploy 60 percent of its naval fleet to the area by 2020. The United States has stepped up diplomatic efforts in the Asia-Pacific, and President Barack Obama himself visited Vietnam and Japan towards the end of his term to erase bitter memories of the past and turn over a new leaf.

The Asia-Pacific is home to several nations, but it doesn't seem to be big enough to accommodate the rivalry between the world's two top economic powers.

¹ The World Bank, *The Potential of Intra-regional Trade for South Asia, Infographic* (World Bank, May 24, 2016). <http://www.worldbank.org/en/news/infographic/2016/05/24/the-potential-of-intra-regional-trade-for-south-asia>.

None of this has gone down well with China, which views these developments as an attempt to contain its influence. Presenting his own country's security concept for the neighborhood, Chinese President Xi Jinping has gone out of his way to advise outside powers not to interfere in the region's affairs. His May 2014 assertion that Asia's problems must be resolved by Asians was primarily a signal to the Americans that China was not pleased with the thrust of their diplomacy.

The United States did not scale back its diplomatic offensive. It launched several naval exercises with its Asian allies, highlighted Beijing's aggressive posture in the South China Sea, and repeatedly emphasized that it wanted freedom of navigation and secure commercial sea lanes. It was clear, on the other hand, that Beijing would not easily abandon its claim to the South China Sea, an energy-rich area and a conduit for \$5 trillion in annual ship-borne trade. Meanwhile, China turned its attention to its ambitious "One Belt, One Road" connectivity initiative to its west, where the United States has little influence. The project aims to link Asia, Europe, and Africa through a complex network of land-based routes, but it also has another component that requires China to build economic corridors to connect its landlocked western regions with the warm waters of the Indian Ocean.

While policymakers across the world debate China's strategic aspirations and whether its rise as a world power will be peaceful or otherwise, the trajectory of U.S.-China relations appears set for the foreseeable future. The next American administration may not pursue President Obama's "rebalancing" strategy, but the debate over how to deal with China will remain central to U.S. policy, and it will not be surprising if its tone becomes more bellicose.

Fortunately, the United States and China understand that they have a complex relationship. Regardless of their strategic posturing and mutual criticism, both are cautious and pragmatic, and it is safe to assume that they will avoid a direct conflict, though they may try to undermine each other by indirect means. Unfortunately, the effects of this maneuvering can be destabilizing for regional politics.

IMPLICATIONS FOR SOUTH ASIA

This is particularly true of South Asia, where the repercussions of this rivalry amidst the existing political fault lines are increasingly apparent. According to Bruce Riedel of the Brookings Institution, the region is moving towards a bipolar alliance system

between the United States and India on the one hand, and Pakistan and China on the other.² While the Chinese are building an economic corridor in Pakistan that will connect its landlocked Xinjiang region to the Arabian Sea and enable it to bypass the strategic chokepoint at the Strait of Malacca, the Americans are heavily investing in India as a counterweight. From Pakistan's perspective, the Chinese corridor and port facilities are a welcome opportunity to put its sputtering economy back on track, but in Washington and New Delhi these are widely viewed as part of Beijing's attempt to establish a permanent naval presence in the Indian Ocean, a matter of some concern to India, which has fought wars with both China and Pakistan.

As China strengthens its commercial ties to South Asia by engaging Pakistan, Sri Lanka, Bangladesh, and the Maldives, New Delhi, perceiving a threat to its preeminence in the Indian Ocean, has adopted a vigorous maritime policy of improving relations with island nations to its south and even in the greater Pacific region. It is also building ports along the Indian Ocean littoral, undertaking infrastructure projects in other countries, and working overtime to raise its strategic profile from Africa to East Asia. To a casual observer this may look like healthy competition with some positive externalities, but tensions are clearly rising. While India and China have strong commercial relations, with bilateral trade surpassing \$70 billion annually, their geopolitical rivalry has put some limits on their economic collaboration: while India is the second-largest contributor to the AIIB after China, with 8.5 percent of the bank's shares and 7.5 percent of the vote, it has so far declined China's invitation to join "One Belt, One Road."

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On the other end of the spectrum, the United States and Pakistan have recently been drifting apart, partly due to tensions over Afghanistan, but also because of a shift in regional power relations. At the peak of the war on terror, for instance, when American officials were regularly acknowledging Pakistan's contribution to the fight

2 Bruce Riedel, "One year of Modi Government: Us versus them," *Indian Express*, May 25, 2015. <http://indianexpress.com/article/opinion/columns/one-year-of-narendra-modi-government-us-versus-them>.

against religious militants, then-President George W. Bush offered India a civilian nuclear deal. The move did not go down well with Pakistan, and was a precursor of things to come. In its quest to use India as a counterweight to China, the United States has overlooked New Delhi's ambitious arms acquisition drive. According to the Stockholm International Peace Research Institute (SIPRI), India is now the world's largest arms importer, accounting for 14 percent of global arms imports.³

While Washington may want New Delhi to develop its military might in the larger international context, Pakistan views it as a threat to its security. According to SIPRI, the two rival nuclear powers are bolstering their strategic capabilities: India is strengthening its nuclear-capable ballistic missile program and increasing its plutonium production, while Pakistan is developing tactical nuclear weapons to offset India's conventional superiority.⁴

MEETING SOUTH ASIA'S DEVELOPMENT CHALLENGES

None of this bodes well for a region that faces plenty of development challenges. South Asia could benefit immensely from working with the world's two greatest economic powers.

The smaller states of South Asia do not want to choose sides or be arm-twisted into an exclusive relationship. Their aspirations are clear: they want greater regional integration, infrastructure development, economic prosperity, and social progress. They have used SAARC forums to discuss energy, water, and food security; climate change; disaster management; alleviating poverty; and other regional issues of far greater moment to them than questions of global or regional preeminence.

In 2009, for instance, the Maldives government held an underwater cabinet meeting to highlight the impact of climate change. "If the Maldives cannot be saved today," they said in a statement, "we do not feel that there is much of a chance for the rest of the world."⁵ Climate change, in fact, threatens the ecology of the entire region, with disastrous consequences for every South Asian nation. It has already resulted

3 PTI, "India world's biggest arms importer: SIPRI report," *Live Mint*, February 22, 2016. <http://www.livemint.com/Politics/dAzstlTzCBiGYXzObjTDhL/India-worlds-biggest-arms-importer-SIPRI-report.html>.

4 AFB, "Pakistan's nuclear arsenal to increase significantly over next 10 years: SIPRI," *The Express Tribune* (Pakistan), June 13, 2016. <http://tribune.com.pk/story/1121596/pakistans-nuclear-arsenal-increase-significantly-next-10-years-sipri>.

5 "Maldives cabinet makes a splash," BBC News, October 17, 2009. <http://news.bbc.co.uk/2/hi/8311838.stm>.

in drought and flooding in Pakistan, and is said to be putting its commercial capital, Karachi, at risk of cyclones and tsunamis.⁶ Coastal and rural areas of Bangladesh have also been adversely affected by the inhospitable environment, forcing hundreds of thousands to migrate to other parts of the country. The problem is so acute that as many as 20 million of its citizens may be uprooted from their homes by 2050.⁷ Climate change may thus increase the pace of urbanization in some parts of the region, putting the meager resources of its states under intense pressure.

But climate change is not the only development challenge the region is facing. The South Asian population is young. Roughly 30 percent, according to the Population Reference Bureau, are below the age of 15.⁸ With the right policies, this youthful population could provide the states of the region with a huge demographic dividend. Yet, at the same time, South Asia is home to half of the world's poor, and there are not enough educational resources and employment opportunities to fully realize its demographic advantage.

These development challenges are further compounded by human rights problems in the region. South Asia is full of marginalized groups, many of whom are subjected to systematic discrimination on multiple levels and find it difficult to get access to justice. These groups include not only ethnic and religious minorities, but also weaker members of all social groups, such as women and children, who find it hard to secure their rights or may face active persecution. While social intolerance has always been a problem for the region, it has hit a new high in recent years, creating an alarming situation in several countries. Pakistan has witnessed forced conversions of Hindu women; Bangladesh has seen machete attacks against secular and agnostic bloggers; and, despite its belief in democracy and secularism, India's religious and caste minorities have suffered at the hands of Hindu nationalists.

While social intolerance has always been a problem for the region, it has hit a new high in recent years.

6 Sualiha Nazar, "Pakistan's Big Threat Isn't Terrorism—It's Climate Change," *Foreign Policy*, March 4, 2016. <http://foreignpolicy.com/2016/03/04/pakistans-big-threat-isnt-terrorism-its-climate-change>.

7 Stefanos Nikitas, "Haunting Photos Show Effects of Climate Change in Bangladesh," *The World Post*, January 28, 2016. http://www.huffingtonpost.com/entry/bangladesh-climate-change_us_56aa5cd8e4b0d82286d53900.

8 Population Reference Bureau, 2015 World Population Data Sheet. http://www.prb.org/pdf15/2015-world-population-data-sheet_eng.pdf.

THE ROLE OF THE UNITED STATES

South Asian nations need help with a number of development issues such as the ones mentioned above. Most of these challenges can only be addressed on a regional level, and the United States should, therefore, promote greater regional integration.

- The United States should encourage South Asian countries to strengthen regional mechanisms to work with each other more effectively and find ways to mitigate the impact of global warming on the region.
- Given the fact that every South Asian country is facing the challenge of intolerance and extremism in one form or another, the United States can play a pivotal role in strengthening civil society organizations and helping them deal with human rights issues. Using its influence in the region, American officials can persuade SAARC to develop a human rights charter to safeguard the rights of marginalized groups. Since most countries in the region want to have strong commercial and military relations with the United States, Washington can make greater market access and military assistance contingent on a country's human rights situation.
- The United States should also help South Asia reap the benefits of its demographic dividend. While many of the regional states have made considerable economic progress, they are still struggling to create new jobs. Much of the potential for economic growth and new employment in South Asia lies with small and medium enterprises (SMEs), and one of the most effective ways to increase economic development in these countries is to invest in SMEs. The United States can work with SMEs by building closer relations with business associations in South Asian states, and as the world leader in entrepreneurship, the United States should encourage South Asian nations to develop a business environment that is conducive to innovation and support for start-up companies.
- The United States can also play a meaningful role in the lives of young South Asians by helping them with their education. It has already established a robust scholarship program for the region, and significant numbers of people from this part of the world are attending American universities. However, the American focus has been largely on traditional higher education, whereas many South Asians who either had limited access to formal education or limited success in their studies could benefit immensely from vocational training programs.

The top U.S. priority, nevertheless, should be greater regional integration. In the global context, this will require the Americans and Chinese to find a way to work with each other, since any friction between them is likely to harden political fault lines in the region, and may even cause further fragmentation. In the regional context, the United States should redouble its efforts to nudge India and Pakistan towards a normalization process. Harmonious relations between these two South Asian countries would bring enormous benefits to the region. In any case, despite the complicated nature of global and regional politics, both states are significant for U.S. policy in and around South Asia. While India has emerged as Washington's important strategic partner, Pakistan, as in the past, is still uniquely placed to establish a back channel between the United States and China, if and when required.

South Asia's future largely depends on how these countries deal with one another. Any positive developments among them will help the region; any negative developments will take their toll.

THE FUTURE OF ASEAN AND THE ROLE OF THE UNITED STATES —BY CHHEANG VANNARITH

INTRODUCTION

Now 50 years old, the Association of Southeast Asian Nations (ASEAN) is today a dynamic actor and a crucial partner in Southeast Asia, a region increasingly important to the world's prosperity and security. Along with East Asia, the fast-growing economies of ASEAN have become linchpins of global production networks and supply chains. ASEAN's regional architecture, fostered by the cultivation of comprehensive, strategic partnerships with international dialogue partners, is critical to peace and stability in Southeast Asia, and ASEAN's participation in important global forums and governance bodies has attracted growing international attention and engagement.

As a party to free trade agreements in the greater Asia-Pacific, ASEAN is assuming an important role in shaping regional economic governance in Southeast Asia. The Chinese-led Regional Comprehensive Economic Partnership (RCEP) comprises 30 percent of global GDP, while the U.S.-led Trans-Pacific Partnership (TPP)

encompasses 40 percent of global GDP. Despite the perception of institutional competition between China and the United States, these trade arrangements are naturally complementary, and four ASEAN countries—Brunei, Malaysia, Singapore, and Vietnam—are members of the TPP.

ASEAN is now America's fourth-largest trading partner. Two-way trade in goods and services has tripled since the 1990s, while ASEAN investment in the United States exceeds \$27 billion.

The United States and ASEAN have grown increasingly connected and interdependent, and the United States has greatly benefited from ASEAN's rise. ASEAN is now America's fourth-largest trading partner. Two-way trade in goods and services has tripled since the 1990s, and the United States is the largest source of foreign direct investment in ASEAN. More than 560,000 U.S. jobs, accounting for 7 percent of the total U.S. jobs, are supported by goods and services exports to ASEAN. U.S. investment in ASEAN is almost \$190 billion, exceeding all other destinations in Asia, while ASEAN investment in the United States exceeds \$27 billion.⁹

With its future increasingly intertwined with ASEAN, the United States must maintain the momentum of its rebalance towards the Asia-Pacific, focusing on three pillars: comprehensive and inclusive security networks, economic integration and connectivity, and soft power and people-to-people ties.

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⁹ East-West Center, *ASEAN Matters for America* (East-West Center, 2014). http://www.asiamattersforamerica.org/sites/all/themes/eastwestcenter/pdfs/Asean_Matters_for_America_brochure2.pdf.

ECONOMIC DYNAMICS

After 50 years of collective efforts promoting regional cooperation, ASEAN today is one of the most economically dynamic regions in the world, with tremendous potential for the future. ASEAN is now the seventh-largest world economy. By 2050, it is projected to become the fourth largest. Labor productivity, innovation, entrepreneurship, and the realization of a regional common market and production base are the key forces driving this growth.

According to data from the United Nations Population Division, ASEAN's population will increase from 633 million in 2015 to 717 million in 2030 and 741 million in 2035. ASEAN has the third-largest labor force in the world, after China and India, and its young population promises a demographic dividend that will allow ASEAN to maintain its economic competitiveness and high socioeconomic performance well into the future.

A 2014 study by McKinsey & Company placed about 70 million ASEAN households in the “consuming class,” with incomes exceeding the threshold at which they can begin to make significant discretionary purchases. That class will double in size, to 125 million households, by 2025, making ASEAN a pivotal consumer market of the future. ASEAN consumers are increasingly moving online, with high penetration rates of mobile and Internet services.¹⁰

The main challenge for the emerging economies of ASEAN is the middle-income trap, but a study by the Asian Development Bank has projected that, with an appropriate policy matrix, particularly to improve governance and promote innovation, ASEAN will triple its per capita income by 2030, raising the standard of living to the levels enjoyed today by members of the OECD. The keys to realizing this goal will be developing financial markets, harnessing human capital, building seamless connectivity, and strengthening governance.¹¹

While the inherent diversity of ASEAN member states represents a challenge to building a common identity, it is also a great strength of ASEAN's economy. Diversity

10 Vinayak HV, Fraser Thompson, and Oliver Tonby, *Understanding ASEAN: Seven Things You Need to Know* (McKinsey & Company, 2014). <http://www.mckinsey.com/industries/public-sector/our-insights/understanding-asean-seven-things-you-need-to-know>.

11 Asian Development Bank, *ASEAN 2030* (Tokyo: Asian Development Bank, 2014). <http://www.adb.org/sites/default/files/publication/159312/adb-asean-2030-borderless-economic-community.pdf>.

unlocks and empowers innovation, which in turn drives market growth and increases productivity. The governments in the region need to promote multiculturalism and diversity for innovation.

Social transformation has far outpaced political and institutional reform in many ASEAN member states, and the widening gap between state and society is a potent force for change. People across the region are demanding institutional reforms and improvement or even change of political leadership.

SOCIAL DYNAMICS AND POLITICAL CHANGE

Social transformation has far outpaced political and institutional reform in many ASEAN member states, and the widening gap between state and society is a potent force for change. People across the region are demanding institutional reforms and improvement or even change of political leadership. From Malaysia to Cambodia, people are eager for political change.

Democracy, human rights, social justice, fair and just development, good governance, and transformative leadership are the keys to managing and capitalizing on the region's rapid social change. Democratization has generally been on the right track, from Indonesia in the early 2000s to Myanmar in the mid-2010s, although it has suffered a serious setback in Thailand under the military regime that followed the coup in 2014.

Despite some backward steps in countries like Thailand and Cambodia, however, the democratic values that have been embedded in these societies will eventually prevail. The young will not long tolerate intentions or actions that deviate from the path of democratic pluralism. They will stand up and demand their human rights and political freedoms. The seeds of democracy will continue to grow and become more resilient.

CHALLENGES AHEAD

The unity and cooperation on which ASEAN's future prosperity and security depend face substantial challenges, both from without and from within. The rising power of China and its rivalry with the United States, territorial disputes in the South China Sea, and unresolved conflicts over the mismanagement of transboundary water resources within ASEAN are simmering sources of division. To sustain its high economic growth, ASEAN must narrow internal and external development gaps, address the threat of climate change, and plan for an aging population in the coming decades.

The rising power of China has unsettled the existing strategic and security equilibrium in the region and created new tensions and uncertainties that threaten to divide the members of ASEAN. The dispute in the South China Sea between China and four ASEAN member states—Brunei, Malaysia, the Philippines, and Vietnam—is the most complex and sensitive regional security issue facing ASEAN. Differences in approach to the dispute, as states make different assessments of their own best interests and options, have threatened regional unity and solidarity. The failure to issue a joint statement at the 45th ASEAN Foreign Ministers' Meeting in Phnom Penh in 2012, and the retraction of the ASEAN foreign ministers' statement on the South China Sea in Kunming, China, in June 2016, are troubling cases in point that bode ill for the future.

Within ASEAN, the vital, shared resource of the Mekong River has become another regional security flashpoint. Mismanagement of transboundary water resources in the Mekong region has led to interstate diplomatic tensions and conflict. Cambodia and Vietnam, the two downstream countries, have urged the Lao PDR to reconsider planned hydropower dams on the upper course of the river because of projected adverse impacts on the millions of people who rely for their livelihoods on the lower Mekong ecosystem.

Southeast Asia is also uniquely susceptible to the adverse effects of climate change, with Cambodia and the Philippines being the two most vulnerable countries. Changing weather patterns, sea-level rise, floods, and drought threaten regional food security and global food supply chains. ASEAN supplies half of all global imports of rice. Indonesia and Malaysia alone supply 85 percent of the world's palm oil. Water shortages and rising temperatures threaten to drive down agricultural production and harm the rice output of mainland Southeast Asia.

Widening regional development gaps, between and within the ASEAN member states, are another potential source of political friction and social fragmentation. People living in less developed economies feel left behind by regional economic integration. Political leaders may exploit socioeconomic inequality to raise the banner of nationalism, tempting their nations to turn inward and away from regional cooperation.

Good governance is the key to promoting regional development and integration. The ASEAN Charter clearly states that member states should pursue democracy, good governance, and the rule of law. Article 1.7 of the Charter calls for institutional reform and strengthening institutional effectiveness. Enhancing existing institutions and building new ones on sound governance principles and structures is a key objective for all ASEAN members, but progress has been uneven. Countries with poor governance, like Cambodia, Laos, and Myanmar, remain unable to deliver inclusive national development, and inequality hampers regional integration.

THE ROLE OF THE UNITED STATES

ASEAN member countries generally acknowledge the preeminence of the United States in maintaining regional peace and stability. The United States remains the Pacific power that has provided security in the Asia-Pacific region for the last seven decades. ASEAN welcomes the active engagement of all major powers in the region, but the continued presence of U.S. military, economic, and soft power is paramount to future regional stability and prosperity. Nevertheless, strategic rivalry and competition between the United States and China have created a security dilemma for ASEAN member countries. ASEAN member states are not interested in taking sides or being pulled into either camp. A stable and healthy U.S.-China relationship must be the foundation of regional peace and stability. The United States should treat ASEAN as a regional entity independent of its own China strategy.

ASEAN member states define their national interests primarily in terms of economic development. They want an inclusive and open regionalism in which all countries can benefit from regional cooperation and integration. Therefore, America's Asia-Pacific rebalance should emphasize economic opportunities for the people of ASEAN. Winning the hearts of the ASEAN people best serves the long-term interests of the United States in the region. The Young Southeast Asian Leaders Initiative (YSEALI) is viewed in the region as highly successful.

The region welcomes the United States acting more multilaterally in its relations with ASEAN nations. The next U.S. president and ensuing administrations have the opportunity to improve and strengthen relations with Southeast Asian governments and their citizens by doing the following:

- The United States should continue to pursue peace, stability, law, and order. The rise of China can best be managed by emphasizing the role of international law and a rules-based international order, and international institutions, particularly ASEAN. The United States should continue to support the ASEAN-based regional security architecture as an inclusive, regional network in which every country, regardless of size and power, can contribute to regional peace and stability.
- The United States should develop a more concrete action plan to assist ASEAN in realizing its Vision 2025, particularly by strengthening the ASEAN-based regional architecture and promoting a rules-based international order. And the United States should demonstrate its political will to strengthen the rules-based maritime order by ratifying the United Nations Convention on the Law of the Sea.
- The United States should give more emphasis to the Lower Mekong Initiative by providing more technical assistance to the members of the Mekong River Commission, conducting scientific research on the impacts of climate change and hydropower dams, and developing measures to help people adapt when their livelihoods are threatened.
- The TPP is the key economic instrument of America's Asia-Pacific rebalance. Failure to ratify the TPP would be a serious setback for the United States in Asia. For its own long-term interests, and its continued economic and diplomatic relevance in Asia, the United States must ratify the TPP.
- The United States must concretize the "U.S.-ASEAN Connect" initiative, launched at the Sunnylands Summit this year, which includes "Business Connect," "Energy Connect," "Innovation Connect," and "Policy Connect." The United States should further support the emerging entrepreneurial ecosystem in Southeast Asia through capacity building, technological innovation, and networking.
- The United States should strengthen private-sector skills development in ASEAN. Helping small and medium enterprises (SMEs) in less-developed member countries to join regional production networks is an important measure

to narrow development gaps and promote inclusive growth. The United States should also support the realization of a people-centered ASEAN through social innovation and democratic consolidation.

- The United States should continue to support civil society groups in Southeast Asia that promote the values of democracy and human rights, rule of law, inclusive development, and social justice. Civil society plays a significant role in promoting a people-centered ASEAN, which is the ideal goal of the ASEAN community-building process.
- YSEALI should be continued and expanded to further empower young leaders and entrepreneurs in ASEAN. The United States should also continue to support the Global Entrepreneurship Program, Innovation Roadshows, and the ASEAN Science Prize.
- Education is the main bridge linking the people of ASEAN and the United States. The establishment of Fulbright University in Vietnam is an effective way to strengthen these people-to-people ties. The United States should consider establishing similar institutions in other ASEAN member countries, particularly those with the least developed economies—Cambodia, Laos, and Myanmar.

THE FUTURE OF NORTHEAST ASIA AND THE ROLE OF THE UNITED STATES —BY ZHAO KEJIN

NORTHEAST ASIA IN TRANSFORMATION

Northeast Asia is the economic and geopolitical region comprising China, Japan, North Korea, South Korea, Mongolia, and Russia's far east, all of which stood at the forefront of the Cold War. Unlike other regions, which quickly recovered after the end of the Cold War, Northeast Asia was left with a series of enduring stalemates—the Korean Peninsula, the Kuril Islands, the Dokdo/Takeshima Islands, and the Diaoyu Islands—that remain obstacles to regional cooperation.

Nevertheless, the forces of economic globalization, technological change, and transnational population flow are rapidly transforming the region, from bipolar strategic competition to a cooperative and diversified network. The states of Northeast Asia also face many common challenges, including resource scarcity, threats to the environment, and the stubborn persistence of strategic tensions amid flourishing economic cooperation.

POPULATION MOVEMENT

With the acceleration of urbanization, transborder population movement has rapidly increased. Industrialization and urbanization have contributed to the concentration of populations in megacities. In 2015, the populations of Tokyo, Shanghai, Beijing, and Osaka exceeded 20 million, with Seoul close behind, and Ulaanbaatar, though not quite a megacity, exhibiting many of the same vulnerabilities. The rise of megacities has brought problems in housing, electricity and water supplies, transportation, food safety, public security, environmental degradation, and solid waste management.

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The aging of these urban populations over the next 20 years will coincide with growing transborder migration and a growing presence of vulnerable groups—illegal migrants, minorities, and disadvantaged groups—in metropolitan areas. The number of Chinese living and working abroad will rise from 100 million to 200 million over the next 20 years; African migrants in Guangzhou have already exceeded 200,000; and Korean minority populations in China's northeast region have experienced unprecedented growth. The regional issue of transborder migration will play an increasingly important role in China's domestic politics over the next 20 years.

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RESOURCE SCARCITY

Rapid urbanization will give rise to pressing shortages of energy and water. With China's economic boom, demand for natural gas and water has grown rapidly. At the same time, China's dependence on imported energy, especially oil, will continue to grow, with imports accounting for an estimated 80 percent of oil needs by 2035. Finding sufficient energy and resources to fuel China's economic engine in the long run will be a non-trivial problem for Chinese foreign policy. Meanwhile, the Fukushima nuclear accident has exacerbated the problem of Japan's national electricity supply; turmoil in the South China Sea and the Middle East have worried energy-dependent Japan and Korea; and the problem of energy and water has never ceased to trouble landlocked Mongolia.

THREATS TO THE ENVIRONMENT

Urban development in Northeast Asia has come at the cost of aggravated pollution from wastewater, gases, garbage, agricultural waste, and noise. The unsustainable exploitation of natural resources has resulted in soil erosion, grassland degradation, and decreased biodiversity. The Chinese leadership has felt growing pressure from domestic grievances about air pollution. Sand storms resulting from soil and grassland degradation have become an intractable problem for Mongolia. Climate change is no longer a remote scenario, and melting polar ice and sea-level rise are a constant theme of the Japanese media.

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NEW TECHNOLOGY

A revolution in information technology, biotechnology, and materials science has become a new engine for regional economic development. Spurred by Western initiatives to stimulate innovation, China, Japan, South Korea, and other countries are placing greater emphasis on technological innovation. The Chinese government has introduced a national scheme to encourage entrepreneurship as a part of the Thirteenth Five-Year Plan. Chinese companies like Huawei, ZTE, and Alibaba seem destined to become dominant global forces in Internet technology, finance, and business. Japanese and South Korean politicians have developed their own national creative strategies, joining the fierce competition in the region. Technological advances in social media, energy transmission networks, e-commerce, new materials, and other fields could soon replace Western dominance with Northeast Asian brands.

Northeast Asian economic development and influence over the next 15 to 20 years will depend on China's successful rise and the strategic choices of the United States.

STRATEGIC TENSIONS

Finally, Northeast Asian economic development and influence over the next 15 to 20 years will depend on China's successful rise and the strategic choices of the United States. China seems likely to maintain a 6 percent economic growth rate, despite recent downward pressures, and the United States could find itself in the near future having to cope with a much stronger rival. If Northeast Asia becomes a global power with China at its center, the United States may shift towards containment in its rebalance towards Asia, while emphasizing competition rather than cooperation. In this Sino-U.S. bipolar scenario, Japan's relative power, in the absence of serious political reform, would continue to decline. Other middle powers like North Korea, South Korea, and Mongolia would have little impact on the process of regional power transition, even if they achieved impressive economic growth. These countries would find it increasingly difficult to formulate their national strategies, thus displaying a degree of fickleness in various policy areas. South Korea's current hedging strategy is

a case in point: it must strengthen its security alliance with the United States, while cautiously managing its relationship with China in order to benefit from China's economic rise, putting it in the difficult position of trying to avoid choosing sides in the strategic competition.

OPPORTUNITIES AND CHALLENGES IN NORTHEAST ASIA

OPPORTUNITIES

A rapid eastward shift of world economic power will further establish the countries of Northeast Asia as a global economic engine. Compared with the sluggish economic performance of the West since 2008, the countries of Northeast Asia have been dynamic, introducing ambitious roadmaps for development, including China's Asian Infrastructure Investment Bank and its "Made in China 2025" and "One Belt, One Road" initiatives, South Korea's "Eurasian Initiative," and Japan's "Overseas Investment Initiative" and "Abenomics." Due to the fact that China, Japan, and South Korea account for more than 70 percent of Asia's economic output, Northeast Asia's economic rise will largely be decided by their trilateral cooperation. Over the next 20 years, agreements like the China-South Korea Free Trade Agreement, the China-Japan-Korea FTA, and the Trilateral Local Economic Cooperation Scheme will accelerate the process of regionalization.

Geopolitically, these countries will be able to collectively resolve regional problems, following a rapid eastward shift of world political power. Following the rebalance to Asia, 60 percent of U.S. naval power is to be deployed to the Asia-Pacific, fulfilling the eastward shift of strategic priorities. Other nations, including Russia, the European Union, and India, have made adjustments in the same direction. As more strategic resources are directed towards the Asia-Pacific, so are resources to solve Asia's traditional geopolitical problems. Despite North Korea's frequent provocations, South Korea advanced the "Northeast Asian Peace and Cooperation Initiative," the "Seoul Process," and other initiatives to peacefully resolve the problems of the Korean peninsula.

CHALLENGES

The transformation of Northeast Asia presents challenges, as well as opportunities, at international, regional, and domestic levels. Sino-U.S. relations remain the biggest challenge for the region. The “Thucydides trap,” in which the confrontation between a rising power and an existing hegemon leads to war, has been frequently discussed, and it seems plausible that Sino-U.S. conflicts in ideology and politics will grow more intense, even as economic interdependence and cultural exchanges act as stabilizers. The United States fears that China will attempt to squeeze out U.S. influence in the region, while China worries that the United States is still seeking a “color revolution” to overturn China’s socialist institutions and the Communist Party’s leadership. The ongoing strategic suspicion between China and the United States remains an unpredictable factor that other regional countries have to face.

Other persistent geopolitical challenges also shadow the future of Northeast Asia. North Korea offers a good illustration: instead of regional integration, the DPRK has followed the twin paths of economic self-sufficiency and nuclear weapons development, alienating other countries in the region. Elsewhere, deep-rooted territorial conflicts over islands, waters, and historical spheres of influence may continue to be troublesome even if nationalist sentiments in the region should ease. And the unprecedented interconnectedness of the Internet makes seeking a final resolution more complicated, because it creates more opportunities for social actors, such as citizens online, think tanks, NGOs, and even the private sector, to make their voices heard in geopolitical disputes among Northeast Asian countries.

China's looming economic difficulties and unsettled economic policies have created regional uncertainty since 2014. Japan's aging society, Mongolia's desertification, and the unpredictable devastation caused by earthquakes, tsunamis, climate change, and other nontraditional problems have become international, not just national challenges. How to formulate a collective response to these problems will remain an urgent question for the region for the next 20 years.

Domestic challenges facing individual nations can also become regional problems. China's looming economic difficulties and unsettled economic policies have created regional uncertainty since 2014. Japan's aging society, Mongolia's desertification, and the unpredictable devastation caused by earthquakes, tsunamis, climate change, and other nontraditional problems have become international, not just national challenges. How to formulate a collective response to these problems will remain an urgent question for the region for the next 20 years.

RESPONSES OF NORTHEAST ASIA

China's grand strategy, still in the making, is to become a key player in issues throughout the region. The new Chinese leadership under President Xi Jinping has a new worldview: no longer satisfied with mere integration, they believe China must seek more institutional power and play more roles in the international community than before.

Chinese leaders above the provincial/ministerial level judge the United States not simply as friend or foe, but rather through a more nuanced appraisal balancing economic development and national security. Briefly, an overall security concept is in the making. While their views of their Northeast Asian neighbors vary, they regard the allies of the United States as China's likely geopolitical rivals. Their focus in international relations tends towards functional issues, such as terrorism, non-proliferation, environmental protection, energy security, food safety, and disaster prevention, among others, rather than a one-size-fits-all view. In domestic economic development, their enthusiasm for overall GDP growth is gradually giving way to a concern for economic efficiency, product quality, environmental protection, social welfare, and technological innovation, and they are eager to promote China's soft power and to improve its international image.

Compared to Chinese leaders, the views expressed in China's social media are remarkably diverse. Voices of the left, liberals, and the grassroots have made it difficult for the outside world to determine the true strategic direction of China. The attitude of Chinese young people towards Northeast Asia has begun to change, some favoring South Korea while disdaining North Korea and criticizing Japan. Their attitudes towards the United States are more complicated. Most young people look favorably on the social dimensions of the United States, such

as American education, culture, and sports, but are dissatisfied with U.S. foreign policy, thinking that the United States does not offer China equal treatment.

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Japan, under Prime Minister Shinzo Abe, has made efforts to restore its great-power status and become a “normal state.” Japan has sought to enhance its strategic position by reasserting its collective self-defense rights, revising its pacifist, post-war constitution, and promoting its diplomatic strategy of “proactive pacifism.” So far, Japan’s top foreign policy priority is still maintaining and strengthening the U.S.-Japan alliance. Japan has joined the TPP and has worked to repair relationships with its Asian neighbors. In November 2015, Japan and South Korea reached agreement on the contentious issue of the “comfort women,” and Japan has also actively promoted security cooperation with the United States and South Korea.

Though Abe led his Liberal Democratic Party to an election victory in September 2015, the LDP’s leadership position is not completely stable, especially since the so-called “Abenomics” economic reforms failed to revitalize Japan’s long-underperforming economy. Compared with the international focus of Japanese leaders, the general public has shown little interest in the Northeast Asian region. Japanese young people are more concerned with domestic affairs than foreign affairs, and they remain preoccupied with personal life and the online world. But despite its economic malaise and the disengagement of younger voters, the growing awareness among Japan’s elites of China’s rising power may be changing public attitudes towards the pacifist constitution.

South Korea has increasingly established its middle-power position and hedging strategy, trying to maintain a cautious balance in the game of great powers. Because of the pressure caused by North Korea’s nuclear tests, missile launches, and other provocations, South Korea seems to have no choice but to rely on the United States for security. The problem is that the U.S.-ROK alliance has done little to change North Korea’s behavior, while the prospective deployment of THAAD anti-missile

systems on the Korean Peninsula has alarmed China and Russia, and thus brought trouble to China-ROK and Russia-ROK relations. Economically, however, South Korea has had to pay more and more attention to its cooperation with China. South Korea's strategy of hedging between the great powers will not fundamentally change in the near future, but when tensions arise between the United States and China, South Korea's choices will become more and more difficult.

North Korea's strategic options are fewer than the South's: the U.S.-ROK alliance leaves little opportunity for normal U.S.-DPRK relations in the foreseeable future, and North Korean attempts to pressure the U.S.-ROK alliance will continue to irritate China. North Korea is in an isolated position: in the absence of war on the Korean peninsula, there will be no fundamental changes in North Korea in the next 20 years, even with U.S. anti-missile deployments in the South.

Due to their geographic locations, Russia and Mongolia have had no meaningful role in Northeast Asian cooperation. Cooperation among the main regional players, China, Japan, and Korea, will grow over the next 20 years, but that growing regionalism will remain in tension with nationalist sentiments in the near term. Given this context, the competition between institutions—TPP, RCEP, China-Japan-ROK cooperation, etc.—will continue, and the state of cooperation between China, Japan, and South Korea will be a weathervane of regional progress.

THE ROLE OF THE UNITED STATES

The United States has long played a prominent role in Northeast Asia. Although China is now the world's largest trading nation, with the largest foreign exchange reserves and the second-largest economy, the United States is still much stronger militarily. In the next 20 years, China's role in Northeast Asia will be first and foremost as an economic power, secondly—and developing more slowly—as a military power, and finally as a force in the realm of Chinese culture and values.

On the other hand, while the United States over the next 20 years will continue to be the first military power in the region, it will not be the only power. The United States must consider two questions: should it withdraw from Northeast Asia or remain deeply engaged, and should it seek a unified Northeast Asia or pursue a strategy of “divide-and-rule.” Over the next 20 years, the United States should not shrink or retreat from Northeast Asia: if the United States withdraws, the current equilibrium

between the United States and its allies on the one side and China, Russia, and their partners on the other will be lost. All U.S. influence in Asia would then be at risk, as China would inevitably dominate the region, and America's allies would have no choice but to realign towards the Asian continent. Instead, the United States needs to find a new balance between competition and cooperation, and it should strive to be a rules-based arbiter, rather than a country that dominates by strength. Specific recommendations include:

- The United States should support a unified Northeast Asia rather than pursuing a divide-and-rule strategy. Although divide-and-rule worked well for the United States during the Cold War, a divided Northeast Asia would consume a large amount of U.S. strategic resources, and could weaken its global leadership. The United States should work to bring China, Japan, and South Korea together as a regional anchor, and deal with complex challenges in Northeast Asia through that framework.
- Within that regional framework, the United States should work to build consensus and establish common rules, norms, and coordinating mechanisms. A Northeast Asia that relies on strength to settle conflicts of national interest or to allocate contested resources will see no stable future. Only regional consensus and rule-governed cooperation will bring stability to Northeast Asia.
- The United States should avoid excessive displays of military power. Since its own military strength is unchallenged, the United States has the power to deter the militarization of conflicts in the region. But if the United States resorts too often to military means, it will have the opposite effect and incite militarization.
- As part of a system of rules, norms, and coordinating mechanisms, the United States should prepare to extend the Trans-Pacific Partnership to other participants. The TPP is a good example of a rules-based system that could show the way forward, but it does not at present include China, Asia's largest economy. While the Chinese economy as a whole cannot yet meet the requirements of such a system, the United States should consider granting access to a few better-qualified major cities such as Shanghai, Tianjin, Shenzhen, and Hong Kong so as to gradually draw China into a rules-based system of regional cooperation.
- The United States should adapt to the needs of young people in Northeast Asia, and promote the establishment of a Northeast Asian community based on the Internet. South Korea and Japan are already a showcase for the American model of

democracy in Asia, and the United States should vigorously support educational, cultural, and social exchanges, among the nations of Northeast Asia and with the outside world, to share and promote these values. By cultivating its values in Asian soil, the United States will open the door to new opportunities in the future.

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NORTHEAST ASIA WORKSHOP

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ASIAN VIEWS ON AMERICA'S ROLE IN ASIA 2016

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Harry Harding holds a dual appointment, as visiting Professor of Social Science and Senior Advisor to the Institute for Public Policy at the Hong Kong University of Science and Technology, and as University Professor and Professor of Public Policy at the University of Virginia. In addition to several edited volumes, his major publications include *Organizing China: The Problem of Bureaucracy, 1949–1966*; *China's Second Revolution: Reform after Mao*; *A Fragile Relationship: The United States and China Since 1972*; and the chapter on the Cultural Revolution in the *Cambridge History of China*. Harding served as the founding Dean of the University of Virginia's Frank Batten School of Leadership and Public Policy between 2009 and 2014, he has held faculty appointments at Swarthmore College and Stanford University, and he was a Senior Fellow in the Foreign Policy Studies Program at the Brookings Institution. Between 1995 and 2005, he was Dean of the Elliott School of International Affairs at George Washington University. He has served on the U.S.-China Joint Commission on Science and Technology and the U.S. Defense Policy Board, and from 1992 to 2014 he was a Trustee of The Asia Foundation. A graduate of Princeton in public and international affairs, he holds a Ph.D. in political science from Stanford University.

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ASIAN VIEWS ON AMERICA'S ROLE IN ASIA

The Future of the Rebalance

STRATEGIC RECOMMENDATIONS FOR THE INCOMING U.S. PRESIDENT ON FOREIGN POLICY TOWARDS ASIA

The 2016 U.S. presidential election cycle has revealed concern and skepticism about American foreign policy commitments towards Asia, including signals towards anti-globalization and isolationism. Issues raised have included free trade and investment, the rise of China, territorial disputes, nuclear proliferation, and America's presence in Afghanistan. Across the Pacific, Asian leaders are contending with a number of complex and potentially destabilizing challenges, and anxious about Washington's political will to sustain its longstanding international security commitments. Today, the Asia-Pacific region is home to 61% of the world's population, 15 of the world's 30 megacities, 7 of the top U.S. trading partners, and numerous U.S. allies.

Asian Views on America's Role in Asia is a quadrennial Asia Foundation project that formulates specific recommendations on U.S. policy towards Asia. The report reflects the view that if solutions to common problems are to be found, perspectives from both sides of the Pacific need to be heard and shared. The recommendations are the product of a series of closed-door, high-level working groups of Asian and American thought leaders and public policy experts convened in Seoul, Bangkok, Colombo, and New York during 2016. The Washington, DC release of the report will coincide with U.S. elections in November 2016, followed by a series of public programs in New York City, San Francisco, and across Asia.



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