



December 14, 2018

The Asia Pacific: Challenges and Opportunities for U.S. Policy

The Free and Open Indo-Pacific (FOIP)

Congress has the ability to shape the United States' approach to Asia, where economic, security, and political trends are challenging U.S. leadership and interests. The Trump Administration has promoted a strategy of a "Free and Open Indo-Pacific" (FOIP) that frames U.S. policy in the region as a multi-faceted competition against China. China in recent years has expanded its presence in its broad maritime periphery while pursuing an ambitious plan to build economic corridors across the Eurasian continent. Under the FOIP strategy, the Administration has emphasized strategic relations with countries that share its concerns about China's growing influence, including Japan, Australia, and India. The Administration also has promoted several infrastructure initiatives as alternatives to Chinese-funded projects, which it has described as "predatory" and "debt traps."

Notwithstanding the FOIP policy, President Trump's overall foreign policy approach has deepened many Asian leaders' questions about the credibility of the U.S. commitment to the region. In particular, governments have expressed concern about President Trump's 2017 withdrawal from the proposed 12-nation Trans-Pacific Partnership (TPP) trade agreement; his application of unilateral tariffs against trading partners including China, Japan, and South Korea; his comments and policy moves that may undermine U.S. alliances; and his tendency to change policy positions.

The tools Congress may use to influence U.S. policy in Asia include oversight through hearings and investigations; the Senate confirmation process; the authorizing and appropriations processes; other legislative directives and restrictions; resolutions and policy statements; inspectors general; reporting requirements; program evaluation; and informal advice and pressure.

The Asia Pacific: Key Facts

- Five U.S. treaty allies are in the Asia Pacific: Australia, Japan, the Philippines, South Korea, and Thailand. Over 74,000 U.S. troops are deployed in the region.
- In 2017, four Asian economies were among the top 10 U.S. trading partners: China (no. 1), Japan (no. 4), South Korea (no. 6), India (no. 9). China was the world's fastest growing economy in 2017, while India's growth rate is expected to outpace China's in 2018 and 2019.
- Asia is home to the United States' closest competitor in economic size and military strength, China; the world's most populous democracy, India; and the world's most populous Muslim-majority nation and third-most populous democracy, Indonesia.
- Asia includes five nations with nuclear weapons arsenals: China and Russia, both permanent members of the United Nations Security Council; India and Pakistan, which are bitter rivals; and North Korea.
- Asian nations, including U.S. allies and partners, are involved in major territorial disputes with China and among themselves in the South China Sea and East China Sea, as well as along the India-China and India-Pakistan borders. Another potential flashpoint is Taiwan, which Beijing claims as part of China.

Emerging Trends

- The balance of economic power in the region continues to shift. By 2030, many economists predict that China will overtake the United States to become the world's largest economy in nominal terms. By the same date, some predict that India might displace Japan as the third largest. The economic and, to a lesser extent, military rise of India exacerbates national security fears in Pakistan and is being monitored warily in Beijing.
- China is increasingly asserting influence through regional economic and financial initiatives. It is championing its "Belt and Road initiative" (BRI), an effort to boost infrastructure development and economic connectivity—and expand China's influence—among more than 65 countries on three continents. The most prominent BRI project, the China-Pakistan Economic Corridor, could comprise up to \$62 billion in investment. China is also promoting the Regional Comprehensive Economic Partnership (RCEP), a proposed regional trade agreement that does not include the United States. In 2015, China launched a new development bank, the Asia Infrastructure Investment Bank (AIIB); membership includes 14 G-20 members.
- In 2016 and 2017, North Korea conducted scores of missile tests and three nuclear weapons tests, demonstrating it may be close if not already capable of striking the continental United States with a nuclear-armed ballistic missile. After a period of hostile statements in 2017, the Trump Administration in 2018 has pursued a diplomatic solution to denuclearize North Korea. A U.S.-North Korea summit, as well as three inter-Korean summits, have eased tensions and North Korean leader Kim Jong-un has publicly stated that he will "work toward complete denuclearization of the Korean Peninsula," but progress toward resolution has remained elusive. Meanwhile, U.S. alliances with South Korea and Japan face strains as U.S. priorities diverge from Seoul's and Tokyo's top concerns.
- Military spending in the region is rising, with China seeking greater power projection capabilities and other nations seeking to enhance their security amid questions

about the future U.S. role in the region. In 2017, China was the world's second-largest defense spender after the United States, and India was number five. Several Southeast Asian nations have increased defense budgets.

- Rivalry between China and India appears to be intensifying, especially in the Indian Ocean region, raising the possibility of greater regional instability. The world's two most populous states also share the world's longest disputed land border and have divergent views on Pakistan and Tibet.
- Following the U.S. withdrawal from the proposed TPP, Asian countries have been negotiating new regional trade agreements, including RCEP, that exclude the United States. Many say these agreements could put U.S. companies at a competitive disadvantage. In 2018, Japan and the European Union signed a new FTA, and Japan led the remaining 11 TPP countries to finish a new agreement that goes into effect on December 30, 2018, for some members. In September 2018, the United States and Japan agreed to open limited trade negotiations.
- Climate change may increasingly play a role in regional security as natural disasters and rising seas displace people and damage economies, particularly in Southeast Asia, or as the opening of an Arctic sea lane changes trade patterns.

Select Issues for Congress

Questions for Congress may include whether the Administration's budget submission supports its FOIP strategy, how to weigh in on trade policy, and what role Congress should play in defining U.S. goals in the region.

China

The Administration's National Security Strategy describes both China and Russia as seeking to "challenge American power, influence, and interests, attempting to erode American security and prosperity." A summary of the U.S. National Defense Strategy released in January 2018 describes China as a "strategic competitor" that is pursuing a military modernization program that "seeks Indo-Pacific regional hegemony in the near-term and displacement of the United States to achieve global preeminence in the future." Congress may consider whether China is indeed seeking to establish control over strategically and economically important seas, as well as what U.S. policy should be toward RCEP, the AIIB, and the BRI.

Is China a "revisionist" power, as the Trump Administration asserts, and if so what might that mean for U.S. interests in Asia and globally? How should the United States consider Beijing's human rights record as it shapes policy toward China? Without U.S. leadership, what would future political, economic, and security multilateral organizations look like, and what would be the U.S. place in them? What would be the impact on U.S. defense strategy, plans, programs, and spending?

U.S. Alliances

The Trump Administration's 2017 National Security Strategy reaffirms the centrality and vitality of U.S. alliances in Asia, and public statements by heads of state underscore the strength of the bilateral agreements. However, observers point to gaps in coordination and contentious negotiations over burden-sharing as signs of emerging divisions among the allies. Trump's unilateral cancellation of major U.S.-South Korean exercises has reduced U.S.-South Korean security cooperation, and Japan has expressed anxiety that its core national interests—including trade priorities and doubts about North Korea—are being marginalized by U.S. policy.

Congress may consider how best to secure U.S. interests and values in the region, or whether the price to protect U.S. security interests in Asia is too high. Should the United States encourage its allies to take a more independent approach to their defense? Congress also could probe whether the Trump Administration is doing enough to support U.S. allies and partners in the region.

North Korea

Potential issues for Congress include whether to support or impose conditions on the Administration's diplomacy with North Korea. Despite Kim's statement supporting conditional denuclearization and his cessation of nuclear and missile tests, many analysts have expressed concern that North Korea has benefited from the diplomatic process without providing concrete concessions in return. Congress can explore whether to limit or expand the President's ability to ease, waive, and/or lift sanctions previously passed by Congress. Congress may also pressure the Administration to include North Korean human rights abuses in denuclearization negotiations.

South Asia

Congress may also wish to consider how the U.S. government should approach the India-Pakistan-China strategic triangle. Should Washington seek to "balance" its ties with India and Pakistan? Should the United States undertake new efforts to mediate or otherwise address the India-Pakistan dispute in Kashmir? Should recently accelerated development of the U.S.-India "strategic partnership" perhaps include a new level of defense cooperation and technology sharing? How will New Delhi's generally friendly relations with Russia and Iran affect this effort? If they are affected, how should U.S. policy be recalibrated? With U.S. troop levels in Afghanistan drastically decreased, should Washington rethink its post-9/11 alliance with Pakistan, given considerable congressional frustrations with Islamabad's counterterrorism efforts?

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