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The United States and Asia in 2014
Reconciling Rebalancing and Strategic Constraints

ABSTRACT
Visible U.S. efforts to sustain influence in the Asia-Pacific met with mixed success. President Barack Obama’s visit to the region reinforced alliance commitments, but U.S. policy momentum on regional trade and diplomacy remained sluggish. Washington’s effective management of its relations with Beijing remains the key factor to how well the U.S. will fare with other regional actors and issues.

KEYWORDS: alliance relations, Trans-Pacific Partnership, rebalancing, collective self-defense, New Asian Security Concept

AS 2014 UNFOLDED, THE U.S. INCREASINGLY faced the challenge of reconciling its international security interests with its much advertised “rebalancing” posture or “pivot strategy” in Asia. The restrictions that previously complicated U.S. efforts to implement the Obama administration’s rebalancing initiative were still in place: a congressional sequestration policy constraining U.S. defense spending; the People’s Republic of China’s (PRC) strong resistance to what it viewed as American efforts to apply a de facto containment posture against itself; continued roadblocks to achieving a Trans-Pacific Partnership (TPP) trade accord; and, most tellingly, a troublesome Middle East that continued to undermine U.S. attention and resources that might otherwise be directed toward Asian issues and developments. As President Barack Obama prepared to meet his Chinese counterpart in Beijing during the November 2014 Asia-Pacific Economic Cooperation (APEC) meetings, debate persisted over the U.S. will and capacity to remain a central and consistent player in Asian politics. This uncertainty continued despite one key U.S. policy official’s insistence in late
September that despite the U.S.’s rebalancing strategy “going global,” it was still viable and credible in an Asian context.

President Obama, in 2014, conducted a four-nation regional tour (to Japan, South Korea, the Philippines, and Malaysia). Secretary of State John Kerry, Secretary of Defense Chuck Hagel, and other key U.S. officials made multiple visits to the region. Progress in U.S. efforts to sustain a meaningful regional footprint was therefore discernible compared to 2013, when Obama was forced to cancel his attendance at the APEC summit and the East Asia Summit to deal with the U.S. government’s fiscal woes.

Washington moved to link the American alliance and military strategy effectively with Obama’s highly publicized rebalancing posture in the region. Officials updated and, where possible, solidified long-standing bilateral defense arrangements, with some success. A 10-year Enhanced Defense Cooperation Agreement (EDCA) was reached with the Philippines in April to facilitate U.S. troop deployments and operations in Philippine territory, although it did not allow the establishment of permanent U.S. bases. In August, the U.S. and Australia signed a 25-year Force Posture Agreement allowing U.S. Marines and Air Force personnel to train with Australian counterparts in Darwin. A second major U.S. policy concern was to press ahead with implementation of the TPP initiative. But this process remained frustratingly bogged down as the year unfolded. Unsurprisingly, the evolution of Sino-American relations remained central to the U.S. approach to its Asia policies during 2014.

**LINKING ALLIANCES WITH “REBALANCING”**

Japan is viewed as the linchpin of U.S. defense relations in Asia, and Abe Shinzo’s government moved visibly during 2014 to reinforce that status. In July, it introduced reforms to Japan’s national security policy that could lead to a reinterpretation of the Japanese Constitution’s Article 9 in order to allow the Japan Self-Defense Force to exercise the right of collective self-defense.

For historical and geopolitical reasons, other regional actors—most notably China and South Korea—regarded with consternation the prospect of Japan’s defense “normalization” engineered by a conservative and arguably nationalistic Japanese government. The Obama administration, however, supported Abe’s initiative as a step toward enhancing the credibility of the
U.S. rebalancing. Projected Japanese defense reforms are viewed in Washington as an exemplar for alliance defense burden-sharing at a time of continuing U.S. fiscal austerity. While taking no position on the legal basis of Sino-Japanese territorial disputes, President Obama nevertheless pledged during his April visit to Tokyo that the U.S. would defend Japan under the auspices of the Treaty of Mutual Cooperation and Security if the Senkaku/Diaoyu Islands, which Japan administers, were attacked by an external power.

Washington also moved to strengthen defense ties with South Korea. In February, U.S. and South Korean defense officials convened the first meeting of a Cyber Cooperation Working Group created to upgrade intelligence sharing on North Korean cyber threats. Major U.S.-South Korea military exercises continued throughout the year to hedge against North Korea’s nuclear and missile development. It was agreed that the transfer of operational control from U.S. to South Korean commanders during wartime conditions would be postponed in the face of an intensified North Korean nuclear threat. Obama’s visit to South Korea following his stay in Japan was somewhat overshadowed by the sinking of a South Korean ferry and the death of over 300 of its passengers the week prior to his arrival. The visit’s impact may also have been partially blunted by Chinese President Xi Jinping’s visit to Seoul in early July, designed to cement already substantial Chinese-South Korean economic ties. Alliance relations proceeded, however, with Obama’s pledge to stand “shoulder-to-shoulder” with the South in deterring North Korean aggression.

U.S. efforts to assuage longstanding tensions between Japan and South Korea continued, with Obama orchestrating a trilateral meeting with Abe and South Korean President Park Geun-hye at The Hague following a nuclear security summit. While the North Korean threat provides a basis for tacit cooperation, South Korean suspicions about what it views as rising Japanese nationalism, resentment over perceived Japanese indifference over the “comfort women” issue, and an ongoing territorial dispute over Tsushima/Daemado Island have impeded progress in developing trilateral security cooperation.

Southeast Asia and Australia have been important components of the rebalancing initiative, and this continued to be the case during 2014. In April, U.S. Secretary of Defense Hagel hosted the first Association of Southeast Asian Nations (ASEAN)-U.S. Defense Ministerial Meeting in Honolulu to coordinate humanitarian assistance and disaster response (HADR) policies
and to discuss broader regional security questions, especially in areas of non-traditional security.

The U.S.’s bilateral ties with formal allies were mixed in 2014. Australia remained a stalwart American defense partner, contributing air power and special forces to American operations in Iraq, increasing the number of F-35 Joint Strike Fighters it will purchase from the U.S. from 14 to 72, and cultivating stronger security ties with India and Indonesia. Timed to coincide with Obama’s late April visit to Manila, the aforementioned EDCA was signed by the Philippine defense minister and the U.S. ambassador to the Philippines. The accord allows U.S. forces to operate at “agreed locations” in the Philippines under U.S. command to coordinate HADR operations (with the November 2013 Typhoon Haiyan firmly in mind). It also permits the U.S. military to assist Philippines forces in resisting armed attacks and undertaking force modernization. It does not commit U.S. forces to defend the contested territorial claims of the Philippines in the South China Sea.

Thailand’s military forces staged a coup against the beleaguered civilian government led by Yingluck Shinawatra in late May, prompting the U.S. to downgrade military ties with that country. Conscious of Thailand’s close relations with China, the U.S. imposed carefully measured sanctions. The Obama administration cut assistance worth $4.7 million in military education programs, counterterrorism training, and other security-related aid to that country. However, it declined to impose further sanctions in response to a September U.N. report condemning Thailand for human trafficking. American officials decided to continue a scaled-back Cobra Gold military exercise with Thailand in 2015. The future of U.S.-Thai security relations will probably rest largely on how quickly the military regime in Bangkok relinquishes power to a newly elected civilian government.

Although not a formal security treaty ally, India loomed larger as an American strategic collaborator in 2014. In late September, Prime Minister Narendra Modi, the head of India’s new Bharatiya Janata Party (BJP) government, visited the U.S. and endorsed the first “Vision Statement for the Strategic Partnership” between the two countries. Emphasis was assigned to combating international terrorism, responding to humanitarian disasters and climate change, collaborating on high technology projects, and supporting an open and inclusive “rules-based” international order. However, India’s refusal to sign defense technology protection agreements and the existence of massive gaps in the country’s infrastructure both remain impediments for
expanded cooperation in key strategic and commercial areas. The U.S.-India Joint Commission Meeting on Science and Technology Cooperation convened in Delhi during November to overcome the two countries’ differences over defense technology collaboration.

**PURSUIT OF A TRANS-PACIFIC PARTNERSHIP**

In a definitive speech to the Washington press corps in February 2014, U.S. Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel strongly reiterated that the TPP was the “economic pillar” of rebalancing. Several formidable challenges to implementing this initiative emerged during the remainder of 2014. China pushed hard for a bilateral trade agreement with the European Union as a means of countering both the TPP and the U.S.-initiated Transatlantic Trade and Investment Partnership proposal. Beijing also promoted the loosely structured Regional Comprehensive Economic Partnership process (which does not include the U.S.) as a more “Asian friendly” approach to trade liberalization. On offer in the process were less-stringent rules pertaining to intellectual property, labor relations, and environmental standards that could only work to the advantage of the most-developed economies. And, at APEC, the Chinese suddenly embraced the Free Trade Area of the Asia Pacific (FTAAP).

Such tensions have moved beyond the regional trade sector. The China-led Asian Infrastructure Investment Bank has been viewed by some of America’s key regional allies as a competitor to both the World Bank and the Asian Development Bank, and as a possible effort by the PRC to break what Beijing views as a Western stranglehold on the international financial system. Such perceptions may well soften over time.

Nor did negotiations between the 12 Asia-Pacific members involved proceed very smoothly. Work to finalize the TPP continued with a definitive meeting of trade representatives from the participating states that convened in Sydney in late October. The failure of Japan and the U.S. to overcome their differences over tariffs on agricultural products and automobile trade issues proved a difficult sticking point. Major fears remained that corporate interests would exercise far too much power over sovereign governments in the enforcement of patents, pricing agreements, and business practices negotiated in any final accord. By year’s end, the TPP process hardly reflected the infusion of economic liberalization that American officials originally envisioned as a central
component of rebalancing. It appeared instead like a regulatory structure favorable to American and Western corporate interests looking to advance market penetration in prescription drugs, loosen environmental restrictions of chemicals, and strengthen corporate leverage in investor-state disputes.

Even in the event that a last minute breakthrough in TPP negotiations occurs, Obama’s ability to maneuver it through a skeptical U.S. Congress remains questionable. The president’s own Democratic Party has opposed granting him “fast track trade promotion” authority minimizing congressional oversight on trade deals with foreign countries negotiated by the U.S. government’s executive branch. Growing speculation that a new Congress dominated by Republicans in both houses might wish to work with the administration to push through approval of the TPP leading into the 2016 presidential elections must be viewed warily. The TPP’s complex myriad of arrangements applying to numerous trade sectors would not be viable if it was constantly accountable to the broad oversight Congress normally demands to exercise over American international trading arrangements. Nor is Congress likely to work harmoniously with an Obama administration intent on exercising executive privilege in such policy areas as immigration.

THE U.S. AND CHINA

Much of 2014 was marked by differing American and Chinese approaches to achieve progress in the bilateral relationship. The sixth U.S.-China Strategic and Economic Dialogue convened in Beijing in July with both sides offering their respective interpretations of how Sino-American interaction should proceed. President Obama (via a written statement forwarded to the Dialogue) advocated the emergence of a “stable, peaceful and prosperous China” and said that a “new model” of Sino-American relations should be pursued via “practical cooperation and constructive management of differences.” Unfortunately, to Beijing, this was nothing short of a demand that China accept a status quo Asia-Pacific environment, with Washington largely shaping the region’s power dynamics and rules. Kerry seemed to recognize this perception at the Dialogue’s conclusion, when he insisted that any new model of U.S.-China relations could not be defined by carving up mutual

spheres of influence. Instead, restructured ties must be determined by a mutual embrace of standards of global behavior and activity that protect the values and interests that have long worked as norms of international conduct.

In response, Chinese President Xi issued a de facto call for equality in the relationship that, from China’s vantage point, had previously been absent. Xi envisioned China and the U.S. “deepening mutual trust,” striving to overcome differences and to cultivate common views and interests, and working to deepen their friendship on the basis of equality. In a widely reported speech delivered earlier in the year to the (previously moribund) Conference on Interaction and Confidence-Building Measures in Asia in Shanghai, Xi outlined a “New Asian Security Concept.” The concept was posited to lead to a regional security cooperation architecture devoid of military alliances, and to be predicated on the fundamental principle that “it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia.”

This concept hardly correlates with Washington’s view of sound regional and international order-building. It posits a fundamental challenge for those intent on adjudicating the diverse interests and values of China and the U.S. Obama expressed his frustration over this apparent dichotomy in August when he complained to the New York Times that China had digressed from taking greater responsibility for underwriting international stability. Other American observers went further, asserting that Beijing would never lead in resolving Asian crises unless there were more-immediate payoffs to its own narrow national interests. Given the extent of mutual skepticism, prospects for developing a “new model” of bilateral relations remained dim.

The general malaise characterizing relations between China and the U.S. during 2014 was marked by an intensification of differences. Chinese maritime disputes in the East and South China Seas were perhaps the paramount American concern. In testimony given to Congress in early February, Russel criticized China’s demarcation line for claiming disputed territories in the South China Sea. Other U.S. officials warned against China establishing an air defense identification zone (ADIZ) in the South China Sea similar to its establishment of an ADIZ in the East China Sea the previous year. China responded by deploying a deep-water drilling rig in disputed waters near the

Paracel Islands. This action was a catalyst for upgraded, albeit still low-key, U.S. military cooperation with Vietnam. Toward the end of the year, Beijing was also reported to be building its latest landfill island at Fiery Cross Reef in the disputed Spratly Islands, with speculation that it would encompass an airstrip. Some observers saw this as a locus for force projection against contrary claimants to islets that dot the South China Sea.³

In late May, Hagel accused China of undertaking destabilizing unilateral actions by asserting its claims in the South China Sea. He warned that “the United States will not look the other way when fundamental principles of international order are being challenged.”⁴ The People’s Liberation Army’s (PLA) deputy chief of staff retorted that Hagel’s remarks were “expressions of coercion and intimidation” and constituted “flaring rhetoric that usher destabilising factors into the Asia-Pacific to stir up trouble.”⁵ Sino-American maritime tensions surfaced again in late August when a Chinese jet fighter intercepted and nearly collided with a U.S. Navy P-8 Poseidon surveillance and reconnaissance plane southeast of Hainan Island, China’s smallest province. A senior Chinese naval officer responded to an official U.S. protest of the incident by insisting that the PLA plane had flown a safe distance from the American plane but simultaneously telling the Chinese daily *Global Times* that Chinese aircraft should “fly even closer” to U.S. surveillance aircraft. Published Western analysis of the incident focused on the U.S. collecting intelligence on a Chinese nuclear submarine base operating in Hainan, which lies in the northwest quadrant of the South China Sea and is slightly smaller than Belgium.

Other serious differences between Beijing and Washington remained apparent throughout 2014. For years, both sides had accused the other of cyber spying. Tensions over this issue peaked in May when the U.S. charged five members of the PLA’s Unit 61398 based in Shanghai with economic espionage by hacking into the files of six well-known American corporations. China responded furiously, lodging a formal complaint with U.S. Ambassador Max Baucus and suspending a bilateral working group on cyber security.

Beijing labeled the American charges “preposterous.” While visiting Secretary of State Kerry’s home in Boston in October, China’s state councillor overseeing foreign affairs, Yang Jiechi, indicated that his country’s future willingness to cooperate on this issue would need to overcome “mistaken U.S. practices.” Chinese human rights practices were also subject to widespread U.S. and international criticism, with China’s relatively large number of prisoner executions and its management of Hong Kong’s restive political affairs commanding particular attention.

Nevertheless, some areas of Sino-American policy cooperation have been sustained or even accelerated. These have included the coordination of sanctions against a nuclear North Korea, the joint production of a revolutionary aeroderivative gas turbine engine designed to achieve cleaner energy, and working together within the World Health Organization’s Ebola Response Roadmap to contain the Ebola epidemic in West Africa. However, establishing a new momentum in Sino-American cooperation remains the Obama administration’s greatest policy challenge in Asia.

LOOKING AHEAD

Improvements in relations between the U.S. and China may well hinge on how much positive chemistry the two countries’ presidents generated during Obama’s second visit to China in November. America’s bilateral alliance system in Asia remains an irritant in Sino-American relations. The visions held by Beijing and Washington on how to pursue regional order-building remain far apart. As the Asian economic and strategic landscapes continue to change rapidly, the risks for policy miscalculations and unintended crises remain high. The degree of U.S. leadership that exists to manage these challenges remains uncertain.