The United States and Asia in 2016

Challenges in the Region and on the Home Front

ABSTRACT

In 2016, US strategic engagement in Asia faced a widening array of challenges emanating both from the region and, troublingly, from within America itself. As the new Donald Trump administration prepared to take office in January 2017, major uncertainties loomed over US Asia policy.

KEYWORDS: United States, China, Obama, Trump, security

IN 2016, US STRATEGIC ENGAGEMENT in Asia faced a widening array of challenges emanating both from the region and, troublingly, from within America itself.

North Korea made what appeared to be significant advances in its nuclear weapons and long-range ballistic missile programs, advancing toward the point of ranging US targets. China too made advances—economically, diplomatically, and militarily—in ways that challenged America's traditional leadership and presence in the region. The newly elected Philippines leader, Rodrigo Duterte, openly and crudely insulted his US ally and its president while looking to throw his strategic lot in with Beijing. At home, the major presidential candidates, Hillary Clinton and Donald Trump, both publicly disavowed the Trans-Pacific Partnership (TPP) trade deal—a reflection of a growing anti-trade mood in America.

The ultimate victor, Donald Trump, espoused a range of other unsettling views over the course of the 2016 campaign and as president-elect. This included his stated willingness to walk away from alliance partnerships with Japan and South Korea, suggesting that these countries should acquire nuclear weapons, questioning America's long-standing one-China policy, and

BATES GILL is Professor of Asia-Pacific Strategic Studies with the Strategic & Defence Studies Centre, Coral Bell School of Asia Pacific Affairs, Australian National University, Canberra.

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threatening economic warfare with China (he stated that once in office he might formally declare it a currency manipulator and impose a 45% tariff on Chinese imports). As the new Trump administration takes office, big uncertainties attend US Asia policy.

There was some positive news for US policy in the region. For example, the US and China jointly agreed to sign and strongly support the Paris Agreement on climate change, an important signal of shared interests on a key global issue. In another example, President Obama convened a special summit in the US with the leaders of the 10 members of ASEAN and made a historic visit to Vietnam. These events rightly signaled America's strong interest to closely engage Southeast Asia; they resulted in a number of new and strengthened existing initiatives to do so.

Formally announced in 2011, but with antecedents late in the George W. Bush administration and the earliest months of President Barack Obama's first term, the American "pivot" or "rebalance" to Asia can point to many successes. The Obama administration acceded to the Treaty of Amity and Cooperation in Southeast Asia in 2009, a diplomatic signal of strong support to the region that allowed the United States to participate in the East Asia Summit, which it did for the first time in 2011. The Obama administration also established a diplomatic mission to ASEAN in Jakarta—the first ASEAN dialogue partner to do so. In addition, increased American engagement helped midwife the historic democratic transition in Myanmar and saw the expanded presence of US forces, ships, and aircraft in places such as Singapore, the Philippines, and Australia.

In his eight years in office, President Obama made 11 separate trips to the Asia-Pacific, visiting a total of 14 countries, some of them multiple times: Australia (2 times), Cambodia (1), China (3), India (2), Indonesia (2), Japan (4), Laos (1), Malaysia (2), Myanmar (2), Philippines (2), Singapore (1), South Korea (4), Thailand (1), and Vietnam (1). He has made the most visits to this region of any sitting US president. However, in spite of this commitment, by the end of 2016, this signature Obama foreign policy initiative in the region seemed adrift and in trouble.

HIGHS AND LOWS WITH TREATY ALLIES

US relations with allies reflected this mixed picture. In what was perhaps the most strategically poignant moments for US relations in Asia during the year,

President Obama visited the memorial in Hiroshima commemorating the first use of a nuclear bomb in wartime—the first sitting US president to do so—and Japanese Prime Minister Abe Shinzo joined him at Pearl Harbor to pay respects to the service personnel who died there under Japanese attack in December 1941. Their visits stirred controversy and introspection on all sides of these sensitive wartime issues, but at the same time demonstrated the maturity and resilience of the nearly 65-year-old alliance between the US and Japan.

US alliance relations with South Korea edged closer in the face of North Korea's nuclear and missile tests and Seoul's frustration with Beijing's apparent unwillingness and inability to rein in its ally. In March 2016, Washington and Seoul opened formal discussions to consider the joint deployment of a US Terminal High Altitude Area Defense (THAAD) anti-missile system in South Korea. In spite of strenuous objections by China, the Park Geun-hye government announced in July that it would go forward with the deployment. However, with President Park increasingly mired in a domestic political scandal that threatens to force her resignation, it became unclear how and whether the THAAD deployment would proceed.

In Australia, pressures mounted from opposition Labor Party politicians for the government to conduct freedom-of-navigation operations within 12 nautical miles of China's artificial, reclaimed land features in the South China Sea, a view welcomed by Vice Admiral Joseph Aucoin, commander of the US Seventh Fleet. So far the Malcolm Turnbull government in Canberra has chosen not to do so, in part to avoid a confrontation with Beijing, although Australia continues to conduct other routine sea patrols and overflights in the South China Sea.

After lengthy negotiations, the US and Australia also managed to agree in principle on a cost-sharing arrangement to fund approximately US\$ 1.5 billion in infrastructure support for the annual rotation of US Marines through an Australian military base outside the Northern Territory capital of Darwin. However, reaching the full planned contingent of some 2,500 Marines—as first announced by Obama in Australia in 2011—has been delayed to as late as 2020. Currently, about half that number make up the annual six-month deployment to Australia.

Philippines

The relationship between the US and the Philippines got off to a constructive start in January, when the Philippine Supreme Court ruled in favor of the

constitutionality of the Enhanced Defense Cooperation Agreement. The agreement, first reached in 2014, allows the United States to construct and operate military facilities in Philippine military bases and rotate American troops through them. Under the agreement, US troops and military equipment can rotate for extended periods into the Philippines, and the US can build facilities for use by American and Philippine forces. In April 2016, while sailing aboard the USS *Nimitz* aircraft carrier in the South China Sea off the Philippines, US Secretary of Defense Ashton Carter announced that the US and the Philippines would begin joint air and sea patrols in and over the disputed waterway.

But by September, following Philippine elections, the US–Philippine relationship began to go off track. The new Philippine president publicly issued a crude insult against President Obama, prompting the cancellation of a planned meeting between the two. Strategically speaking, an even more stinging rebuke came a month later, when, during his first official visit to China, Duterte announced his country’s economic and military “separation” from the US. While Manila has not taken any specific steps consistent with this declaration—for example, planned joint military exercises have gone forward without interruption—these incidents have put the relationship on an unpredictable footing.

US ties with Thailand remained cool in 2016, although a toned-down version of the annual US–Thai Cobra Gold military exercises was held in February. With the passing of King Bhumibol Adulyadej in October, the Thai military looks all the more likely to govern, undemocratically, for the foreseeable future while forging closer military-to-military and defense technology ties with China.

OTHER REGIONAL PARTNERSHIPS

The US administration made a concerted effort in 2016 to bolster the standing of ASEAN and further build US ties to Southeast Asia. The centerpiece of that effort was the February US–ASEAN Special Leaders’ Summit in Sunnylands, California. Hosted by President Obama for his 10 ASEAN counterparts, it was the first-ever meeting of the 11 leaders in the US. Coming out of the summit, the joint Sunnylands Declaration outlined 17 “key principles” to guide US–ASEAN relations.

The statement was criticized by some for not explicitly highlighting controversial Chinese activities in the South China Sea. That said, the statement

of principles clearly had China in mind in giving particular emphasis to maritime issues. The parties declared a “shared commitment to peaceful resolution of disputes . . . without resorting to the threat or use of force” as well as to “the rights of freedom of navigation and overflight and other lawful uses of the seas, and unimpeded lawful maritime commerce as described in the 1982 UN Convention on the Law of the Sea (UNCLOS) as well as non-militarization and self-restraint in the conduct of activities.”¹

In September, Obama attended the East Asia Summit in Vientiane, Laos, the fifth time he had participated in the summit since the US joined the grouping in 2011. In November, on his last foreign trip as president, Obama attended the Asia-Pacific Economic Cooperation summit in Lima, Peru.

Defense and Security Ties

In September, US Defense Secretary Carter hosted a gathering of his 10 ASEAN counterparts in Hawaii; this followed the first such meeting held in the US, by former US Defense Secretary Chuck Hagel in 2014. At the 2016 meeting, and in a subsequent article in *Foreign Affairs* in November, Carter spoke of an emerging “principled and inclusive security network,” supported by the US, to foster greater cooperation so that regional militaries can “do more, over greater distances, more efficiently,” “take coordinated action in response to humanitarian crises and natural disasters, address common challenges such as terrorism, and ensure the security of and equal access to the commons, including vital waterways.”²

In 2016, the US began allocating funds under the Maritime Security Initiative to assist countries in Southeast Asia in expanding and improving their capacities in maritime domain awareness. In the first tranche, approximately US\$ 140 million will be spent: US\$ 79 million will go to the Philippines; US\$ 40 million for Vietnam; US\$ 20 million for Indonesia; and US\$ 2.5 million for Malaysia. These funds will help support the transfer of patrol vessels, surveillance systems, and training and, importantly, allow these countries to share information on the region’s maritime security picture.

1. “Joint Statement of the US-ASEAN Special Leaders’ Summit: Sunnylands Declaration,” Sunnylands, California, February 15–16, 2016, <<https://www.whitehouse.gov/the-press-office/2016/02/16/joint-statement-us-asean-special-leaders-summit-sunnylands-declaration>>.

2. Ash Carter, “The Rebalance and Asia-Pacific Security: Building a Principled Security Network,” *Foreign Affairs*, November/December 2016.

Remaining funding of approximately US\$ 285 million is to be allocated over subsequent fiscal years.

US relations with India built on previous momentum to take some steps forward in 2016. Indian Prime Minister Narendra Modi made his fourth trip to the US since his election in 2014. The highlight of his visit was his address to a joint session of Congress, in which he stressed the shared ideals and democratic principles of the two countries. Holding their third major summit meeting, Obama and Modi issued a joint statement affirming “the increasing convergence in their strategic perspectives” and outlined a range of cooperative activities in areas including climate change, clean energy, nonproliferation, maritime security, defense cooperation, and trade.³

During President Obama’s visit to Vietnam in May 2016, it was announced that Vietnam would purchase 18 coastal patrol boats from the US. Washington also pledged support for the establishment of a peacekeeping training center in Vietnam and assistance in realizing Vietnam’s commitment to deploy a field hospital for use by UN peacekeepers. Also as part of the summit meeting, the US arms embargo on Vietnam was fully lifted, which will allow further US defense equipment and weapons exports to Vietnam in the future.

CHALLENGES FROM CHINA AND NORTH KOREA

US–China relations continued their complex mix of cooperation and competition in 2016. On the cooperative side, after two months of intensive negotiation following the North Korean nuclear test in January, the US and China, along with the other members of the UN Security Council (UNSC), unanimously adopted Resolution 2270, issuing a new round of sanctions against North Korea. In December, the US and China brokered UNSC Resolution 2321, an even tougher set of restrictions on North Korean diplomatic and economic activity. In another signal of common purpose, the two countries held a ceremony on the sidelines of the September G20 summit in Hangzhou, China, to jointly sign on to the Paris Agreement on climate change.

At the bilateral level, an active US–China military-to-military relationship included port visits by US naval vessels to China and Chinese naval

3. “Joint Statement: The United States and India: Enduring Global Partners in the 21st Century,” White House Office of the Press Secretary, June 7, 2016, <<https://www.whitehouse.gov/the-press-office/2016/06/07/joint-statement-united-states-and-india-enduring-global-partners-21st>>.

participation in the large multilateral Rim of the Pacific (RIMPAC) exercises off Hawaii in August. This marked the second time China had taken part in RIMPAC. US and Chinese vessels sailed together from Guam to Hawaii prior to RIMPAC and conducted joint search-and-rescue exercises along the way. The two countries also made progress in negotiating a bilateral investment treaty, although they were unable to complete the agreement by the end of the Obama presidency. President Obama and Chinese President Xi Jinping met three times in 2016 (in Washington, in Hangzhou, and in Lima), making nine times since Xi took leadership of China in 2012.

But US–China tensions continued, especially in and around the South China Sea and on the Korean Peninsula. In July, in a long-awaited judgment at the Permanent Court of Arbitration in The Hague, the UNCLOS arbitral tribunal ruled unanimously and strongly against China’s claims and activities in the South China Sea. China had rejected the legitimacy of the tribunal to take up the case long before the ruling was issued and refused to appear as a party to the case. In response to the ruling, China’s Foreign Ministry spokesman said it “is invalid with no binding force, and will in no way affect China’s territorial sovereignty and maritime rights and interests.”⁴ The US called on the parties to comply with the decision, exercise restraint, refrain from coercive action, and settle outstanding maritime disputes peacefully. Yet, the ruling has had little effect on the overall state of play between the US and China in the South China Sea.

The head of the US Pacific Command, Admiral Harry B. Harris, stated in early 2016 that as “we [the US] continue down the path of freedom of navigations, you will see more of them, and you will see them increasing in complexity and scope in areas of challenge.”⁵ Over the course of 2016 (in January, May, and October), the US Navy conducted three known freedom-of-navigation operations to challenge what the Pentagon spokesman termed “excessive claims” in the South China Sea by China and other claimants. Other sea and air patrols continued throughout the year in the South China Sea. China meanwhile deployed fighter jets and HQ-9 surface-to-air missiles

4. Ministry of Foreign Affairs of the People’s Republic of China, “Foreign Ministry Spokesman Lu Kang’s Regular Press Conference on July 14, 2016,” <http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1381622.shtml>.

5. Quoted in Prashanth Parameswaran, “US South China Sea FONOPs to Increase in Scope, Complexity: Commander,” *The Diplomat*, January 28, 2016, <<http://thediplomat.com/2016/01/us-south-china-sea-fonops-to-increase-in-scope-complexity-commander/>>.

to Woody Island in February and continued developing reclaimed features for possible military use.

On at least two occasions in 2016, one in May and one in June, the Pentagon claimed that Chinese fighter jets undertook dangerous maneuvers in intercepting US reconnaissance aircraft conducting routine patrols in international airspace over the South China Sea. The Chinese side called on the US to bring a halt to this kind of “close reconnaissance activity.” In December, in plain sight of a US naval vessel cruising in the South China Sea, forces of the Chinese navy scooped up a US oceanographic reconnaissance drone and sailed away with it. Following US protestations, the drone was returned five days later, but the incident points to greater tensions ahead between the two countries in this waterway.

In other developments, North Korea’s nuclear and ballistic missile programs marked an important turning point in 2016. Despite tightening sanctions and technical setbacks, North Korea reached new plateaus over the year by conducting its fourth and fifth nuclear tests and carrying out multiple ballistic missile tests, including one from a submarine. In its dogged pursuit of these capabilities, the Kim Jong-un regime inched closer to being able to deliver a nuclear weapon to regional targets, including US territories such as Guam as well as western Alaska.

In response to tightening sanctions by Washington, Pyongyang made the decision in July to close down the New York-based US–North Korea dialogue channel, adding further doubt regarding the possibility of a diplomatic solution. Decisions about how to deal with North Korea’s nascent nuclear-weapon delivery capability—which Pyongyang has next to no intention of bargaining away—are now left to the new administration.

The decision by Washington and Seoul to deploy the THAAD missile-defense system sparked especially strong reactions in Pyongyang and Beijing. Such reactions are expected from North Korea. But the Chinese response added new layers of tension to the US–China relationship. Beijing’s official position holds that the deployment of THAAD has strategic ramifications, in that it will undermine China’s own nuclear deterrent—a claim Washington adamantly denies—and that the deployment unnecessarily intensifies instability on the Korean Peninsula.

More broadly, China is prone to see the move as part of a larger “containment” policy by the US and, for Beijing, a worrisome signal of a deepening US–South Korea alliance in the face of North Korean provocations. As

2016 came to a close, it appeared that Beijing would be even more reluctant to pressure North Korea to curtail and dismantle its nuclear and missile programs. This in turn will heighten US–China distrust and further narrow US options for dealing with the North Korean threat.

HOME FIRES BURNING

Developments on the home front also affected American engagement in Asia. The presidential campaign exposed growing nativist and “America First” sentiment across much of the American electorate. The TPP became a major casualty of this public mood. All of the leading candidates for president—Hillary Clinton, Ted Cruz, Bernie Sanders, and Donald Trump—spoke out strongly against the TPP.

There was some hope in early-to-mid 2016 that President Obama and the US Congress would find a way to get the TPP approved before the end of the year. Obama and US Trade Representative Michael Froman attempted to appeal to America’s larger strategic interests, stating that China was shaping the economic future of Asia through a range of ambitious measures such as the Asian Infrastructure Investment Bank, the One Belt, One Road initiative, and was taking leadership in pursuing the Regional Comprehensive Economic Partnership Economic Plan and the Free Trade Area of the Asia-Pacific. Failing to proceed with the TPP, they argued, would be a major blow to American leadership in the region.

In spite of these entreaties, hopes for moving ahead with the TPP evaporated with the election of Donald Trump. While it is possible that President Trump may wish to revisit and renegotiate American involvement in the TPP, it seems more likely that his general opposition to free trade deals now closes the door on an important tool of American strategic and economic engagement in Asia.

Candidate Trump also made a number of unsettling statements concerning the US role in Asia. In separate interviews with the *Washington Post* and the *New York Times* in March, he expressed extreme doubts about the value of the alliances with Japan and South Korea, mostly based on his view that they are not paying enough to support the US alliance commitment and that America is “losing a fortune” in these relationships. He also suggested that Japan and South Korea could acquire nuclear weapons to better defend themselves against North Korea.

Regarding China, on the campaign trail Trump stated that once in office he would declare China a currency manipulator and slap a 45% tariff on Chinese imports. Whether or not he would actually be able to put these measures in place, he appeared willing to risk a major economic battle with America's largest trade partner, the biggest holder of US foreign debt, and a growing source of investment in the US. In taking a congratulatory telephone call from Taiwan's President Tsai Ing-wen at the end of 2016, President-elect Trump overturned decades of carefully crafted diplomatic protocol based on the one-China policy and raised new questions about the future of US–China relations.

These views reflect an emergent mood of retrenchment in the US which eschews global agreements, belittles the strengths of the US alliance system, and blames China for many of America's ills. Once Trump became president-elect, the leaders of Japan and South Korea scrambled even harder to communicate with him and his advisors to clarify these statements and determine whether his views would moderate upon his entering the White House.

Japanese Prime Minister Abe Shinzō made a special effort to travel to New York in November, on his way to the Asia-Pacific Economic Cooperation meeting in Peru, in order to meet personally with President-elect Trump. The meeting, the first by a top foreign leader with the new president-elect, was billed as “unofficial” and a “courtesy call,” so few details of the discussion were released. However, following the meeting Abe stressed the importance of building trust for the relationship and the fundamental importance of the US–Japan alliance for Japanese and regional security.

Looking ahead, the incoming president faces a range of complex challenges in Asia. Across most of them China looms large as it plays an increasingly influential economic, diplomatic, and military role in the region. In spite of tough talk on the campaign trail about standing up to China, President Trump will face the same problem previous presidents did: how to strike the right balance between cooperation and competition with China while avoiding a serious deterioration into crisis or conflict.

That challenge is not likely to become any easier. Beijing will continue to assert its influence and interests, through both hard- and soft-power means, in ways that will challenge and look to weaken American leadership around China's periphery. It seems unlikely that Xi Jinping would take any rash steps in the run-up to the 19th Chinese Communist Party Congress at the end of 2017, when he will be given a second five-year term and install as many

trusted acolytes for future leadership as he can. If he is successful, President Trump may be dealing with an even more confident, risk-taking leadership in Beijing come 2018.

More broadly, there remains a high expectation across most of the region that the US will continue to infuse it with economic, diplomatic, and security-related resources. There is, overall, a gravitation toward the US, as Asia-Pacific players look to balance a more muscular China. A sustained, coherent, and carefully crafted US engagement strategy should take advantage of this clear demand for a stronger American presence.

Vigorous and effective American engagement of the Asia-Pacific region will endure as a strategic imperative for the US long after the era of President Obama. President Trump will have his work cut out for him, as the hurdles in pursuing this strategic imperative are growing more daunting, both in the region and at home.