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Balancing Acts: The U.S. Rebalance and Asia-Pacific Stability

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August 2013



Contents

Executive Summary

Origins and Evolution of the Rebalance

Elements of the Rebalance

Regional Responses to the Rebalance

Critiques and Rebuttals: The U.S. Policy Debate

Assessments, Recommendations, and Prospects for the Future

Appendices

I. Chronology

II. Suggestions for Further Reading

III. Regional Responses

China's Response to the U.S. Rebalance, Timothy J.A. Adamson

Japan's Response to the U.S. Rebalance, Mike M. Mochizuki

India's Response to the U.S. Rebalance, Deepa Ollapally

IV. Biographies of the Authors

EXECUTIVE SUMMARY

INTRODUCTION

This paper analyzes the Obama administration's "pivot" or "rebalance" in U.S. relations with the Asia-Pacific region. The paper analyzes the strategic rationale for this policy shift, the main elements of the new U.S. policy, regional responses to the new initiatives, and the prospects for U.S. policy toward the Asia-Pacific region.

ORIGINS AND EVOLUTION OF THE REBALANCE

Beginning in the fall of 2011, the Obama administration has issued a series of announcements and taken a series of steps to expand and intensify the already significant role of the United States in the Asia-Pacific region. Explicitly identifying the Asia-Pacific region as a geostrategic priority for the United States, the Obama administration is paying a higher level of attention to the region across a wide range of issue areas. This represents a significant shift in U.S. policy.

However, the story of the rebalance is not a story of U.S. disengagement and then re-engagement in Asia. Instead, it is a matter of emphasis and priority, building on an elaborate foundation of U.S.-Asia relations that was already in place. The United States has had powerful national interests in the Asia-Pacific region since World War II and was deeply engaged in the region – militarily, economically, and diplomatically – throughout the Cold War. The post-Cold War administrations of presidents Bill Clinton and George W. Bush were actively engaged in Asia.

The Obama administration's policy toward the Asia-Pacific region has evolved over time and has gone through two distinct phases. When the policy was first rolled out in 2011-12, much of the emphasis was placed on military initiatives in the region. China disapproved of these initiatives, and Beijing took steps to demonstrate its power in maritime territorial disputes with U.S. allies. The Obama administration adjusted its approach in late 2012, playing down the significance of military initiatives, emphasizing economic and diplomatic elements, and calling for closer U.S. engagement with China.

STRATEGIC RATIONALE FOR THE REBALANCE

Although commentators in China and some observers elsewhere have suggested that the rebalance was designed to contain China, this is a simplistic (and, in the case of China, partially contrived) reading of the new policy. U.S. policymakers are certainly aware of China's economic rise and its growing military power, but the rebalance has been driven by a much broader set of strategic, economic, and political considerations. Following more than a decade of war in Afghanistan and Iraq, the Obama administration has been trying to place more emphasis on Northeast, Southeast, and South Asia – parts of the world that will be of growing strategic and economic importance in the first half of the 21st century. In geostrategic terms, the rebalance is the Obama administration's grand strategy for U.S. foreign policy.

The new U.S. policy is also based on the need – widely felt throughout most of the Asia-Pacific region – for strategic reassurance in the face of a rising and increasingly assertive China. The rebalance is also driven by a desire to reassure U.S. allies, friends, and other countries in the region that the United States has not been exhausted after a decade of war, that it has not been weakened by economic and political problems at home, and that it is not going to disengage from Asia-Pacific affairs.

The fundamental goals of the new U.S. policy are to broaden areas of cooperation beneficial to the United States with regional states and institutions; strengthen relations with American allies and partners, including great powers such as China and India as well as important regional powers such as Indonesia; and develop regional norms and rules compatible with the international security, economic, and political order long supported by the United States.

ELEMENTS OF THE REBALANCE

The rebalance is a region-wide, multidimensional policy initiative. In regional terms, the shift includes a stronger emphasis on Southeast Asia and South Asia to complement traditionally strong American attention to Northeast Asia. In policy terms, the rebalance entails three sets of initiatives – security, economic, and diplomatic elements.

Changes in the U.S. military force structure are highly visible and have attracted much attention. The United States is shifting substantial military capacities from other theaters of operation to the Asia-Pacific and restructuring its regional security arrangements to generate more widely dispersed U.S. forces across the region. This has included high-profile new military deployments to Australia and the Philippines, and has been accompanied by expanded security arrangements with regional partners which emphasize greater military integration.

The rebalance also entails economic initiatives which aim to expand bilateral and multilateral economic cooperation between the United States and the region. Much of the discussion has focused on the Trans-Pacific Partnership (TPP), a proposed free-trade agreement that presently involves the United States and 11 other countries, but does not currently include China. The Obama administration has also begun a process which will increase foreign assistance to the Asia-Pacific region by seven percent.

Finally, the rebalance has seen a greatly intensified level of U.S. diplomatic engagement in the region. U.S. diplomatic activism has involved strengthening U.S. alliances; building deeper relationships with partners such as Singapore and India; deepening engagement with multilateral institutions; and managing the U.S.-China relationship.

REGIONAL RESPONSES TO THE REBALANCE

China has reacted at two levels to the Obama administration's rebalancing of U.S.-Asia relations. At the official level, Chinese government representatives and official media have leveled measured criticism of the new U.S. policy, especially its military aspects. Official sources have also criticized U.S. diplomatic activism seen in Beijing as U.S. support for American allies and associates that have maritime and territorial disputes with China. In China's burgeoning non-official media, criticism of the rebalance and the United States has been vociferous. Some commentators have alleged that the United States is engaged in a conspiracy to develop a Cold War-style "containment" of China.

Significantly, the run-up to the June 7-8, 2013 summit between President Obama and newly installed Chinese President Xi Jinping coincided with greater moderation in Chinese assessments, with Chinese officials telling foreign visitors there were "no fundamental, structural, or irreconcilable differences" between the two countries. Chinese military commanders have noted that, as the rebalance has evolved, Washington has been placing less emphasis on military initiatives and less emphasis on China as a focus of U.S. policy. While still wary of U.S. intentions, Chinese officials are now more positive toward U.S.-China military cooperation than at any time during the Obama administration.

Almost every other regional power in Northeast, Southeast, and South Asia holds to two positions. First, most regional powers have been publicly or privately pleased to see the stronger U.S. commitment to the Asia-Pacific region. Second, regional powers are also keen to avoid having to choose between the United States and China. They very much want to have good relationships with both countries. A few regional powers, including Indonesia, Thailand (a formal U.S. ally), and Malaysia, have been "straddling the fence" – avoiding any public sign of tilting toward either the United States or China.

The Philippines, Japan, South Korea, and Singapore have been exceptions to the generally muted official reactions in the region; their support for a greater U.S. presence in the region has been quite explicit. It is not a coincidence that the Philippines, Japan, and South Korea are embroiled in territorial and security disputes. The Philippines and Japan have been engaged in protracted, intense disputes with China over maritime and territorial claims, with China exerting extraordinary coercive diplomatic, economic, and military power in both cases. A small and vulnerable city-state, Singapore has done more than many U.S. allies to embrace close strategic cooperation with what it sees as the stabilizing influence of the United States.

Australia and New Zealand also have warmly welcomed the U.S. rebalance, though both have taken pains to avoid upsetting China and their important economic ties with Beijing. Many other key countries in the region – including India, Vietnam and Burma – have taken significant steps to improve relations with the United States in recent years. Although governments in these countries have been careful to preserve their close economic ties with China and to avoid offending the region’s rising power, they have found it strategically reassuring to position themselves a few steps closer to the world’s preeminent superpower. In the face of a rising and increasingly assertive China, many countries in the Asia-Pacific region have drawn on classic balance-of-power thinking and “rebalanced” their positions closer to the non-threatening great power.

The many countries that have explicitly supported or quietly embraced the U.S. rebalance to the Asia-Pacific have probably been motivated more by concerns over China than by the intrinsic appeal of U.S. policies. Although many Chinese commentators accuse the United States of having a containment strategy, it might be more accurate to say that China is engaging in self-containing behavior. The regional votes are in, and they are generally favorable toward the new U.S. policy.

ASSESSMENTS, RECOMMENDATIONS, AND PROSPECTS FOR THE FUTURE

A Continuing Strategic Imperative: Given the rise of Asia, the U.S. rebalance toward Asia is a reasonable reflection of changing geostrategic realities; it makes strategic sense. The rebalance has more promise for advancing U.S. interests, especially economic interests, than U.S. policy efforts in most other parts of the world. The Obama administration is committed to the rebalance, and this is likely to continue through the end of the president’s term in office. Given Asia’s continuing importance in the first half of the 21st century, U.S. grand strategy is likely to continue focusing on the Asia-Pacific region after President Obama leaves office. Nevertheless, the Obama administration continues to take care to reassure its European allies, Russia, and powers in the Middle East that the rebalance does not mean U.S. disengagement from these regions. In particular, U.S. Secretary of State John Kerry has gone to extraordinary lengths to demonstrate deep American involvement in issues including Syria and the Middle East Peace Process, in moves welcomed by European and Middle Eastern powers.

An Affordable Policy: A near-term challenge for the Obama administration will be implementing the rebalance in the face of fiscal challenges, especially the budget cuts imposed by the sequestration process. Although the sequestration cuts are non-trivial, the Obama administration is making the rebalance a strategic priority, and it is likely to move ahead with successful implementation of its Asia-Pacific initiatives. U.S. Secretary of Defense Chuck Hagel emphasized the U.S. commitment to the rebalance and the region in his June 1, 2013 address at a regional security gathering in Singapore: “The United States will continue to implement the rebalance and prioritize our posture, activities and investments in Asia-Pacific.” The rebalance also enjoys bipartisan support in the U.S. Congress, which is not the case in many other domestic and foreign policy areas. The U.S. capacity to implement the rebalance will be a key variable that merits continued attention.

The Summit: President Obama and President Xi Jinping held an informal summit in California on June 7-8, 2013. This meeting provided an opportunity for the two presidents to focus on this important great power relationship, which had drifted somewhat in 2012 due to the presidential election in the United States and the leadership transition in China. The summit was successful in meeting its limited aims. It appears that both presidents succeeded at the summit in conveying their concerns. However, it is much too early to tell if the summit represents a turning point in a relationship that has growing structural tensions.

A U.S. Balancing Act: Looking farther ahead, a strategic challenge for the Obama administration and its successors will be finding the right balance between two competing sets of regional interests. On the one hand, many countries in the region want strategic reassurance from the United States, and they favor a robust, multidimensional U.S. presence in the region. On the other hand, a robust U.S. presence will be seen by many in Beijing as a U.S.-led containment strategy directed at China. The challenge for the United States is to provide strategic reassurance to allies, friends, and other regional powers without provoking a strategic backlash from China.

A Regional Balancing Act: Most regional powers will continue to want good relations with both China and the United States, and this will entail a second set of balancing acts. China will continue to be vitally important to

many Asia-Pacific countries economically. The United States will continue to be important economically and as a provider of strategic reassurance. If Beijing continues or intensifies its assertive policies on maritime and territorial disputes, many countries in the region are likely to favor even closer ties with the United States.

China's Uncertain Balancing Act: Much will depend on Beijing. China's military power will continue to grow in the years ahead, and this will inevitably make neighboring countries nervous. Chinese nationalism is also on the rise. China's leadership has occasionally encouraged nationalistic impulses and it may do so again in the future, but it will find that rising, intensifying nationalism is very difficult to control. The trajectory of Chinese nationalism will be a key variable in the years ahead. China faces a delicate balancing act of its own: Beijing must maintain a robust rate of economic growth and it aspires to a greater role in Asia-Pacific affairs, but it must keep Chinese nationalism and Chinese regional actions from triggering an even stronger regional backlash.

Prospects for U.S.-China Relations and the Asia-Pacific Region: A happy ending is possible but not guaranteed. Rising powers do not always clash with established powers. Great powers can coexist peacefully, if their strategic aspirations are compatible. If Beijing's regional aspirations are non-hegemonic, then the strategic prerequisites for Asia-Pacific coexistence will be in place. Through constructive engagement with their Chinese counterparts, American leaders can demonstrate the long-term benefits Beijing would enjoy from a Chinese regional posture that eschews egregious pressure, intimidation, and zero-sum competition and embraces existing world norms that hold promise for uninterrupted Chinese development.

To facilitate a positive outcome, it would be advisable to encourage China's participation in the TPP. Economic interdependence is not a panacea, but it has conflict-dampening benefits. It would also be advisable to encourage China's involvement in more military-to-military discussions and cooperative security endeavors. Transparency is not a panacea, but it too has conflict-dampening benefits. More generally, it will be advisable to encourage China's integration into regional and global institutions as much as possible. U.S. leaders may also need to construct ways to show Chinese leaders the significant costs China will likely bear if it insists on using its greater coercive capabilities along narrowly nationalistic paths.

The U.S. rebalance to Asia could provide the strategic impetus and some policy openings for a win-win outcome, but this is far from certain. The Asia-Pacific region is changing rapidly. In this dynamic context, the United States, China, and regional powers are all – simultaneously – engaged in balancing acts, often involving both domestic and external calculations that will shape the prospects for Asia-Pacific stability in the years ahead.

ORIGINS AND EVOLUTION OF THE REBALANCE

Historical Context

The United States has been deeply engaged in the Asia-Pacific region for more than two centuries, and the United States has powerful, enduring interests in the region. In his first official visit to the region in June 2013, U.S. Secretary of Defense Chuck Hagel underlined America's longstanding commitment to the Asia-Pacific, including "precious sacrifices" made by him, members of his family, and millions of Americans who have served in the region in war and peace since the start of World War II.

The strong U.S. connection with the Asia-Pacific region has deep roots in American society. Throughout the more than 200 years of American interaction with the region, U.S. non-governmental actors – including business, religious groups, educational organizations, foundations, and the media – have been tremendously important in establishing and maintaining close relations in the region. Asia's recent economic growth has enhanced the interest of U.S. businesses, academics, journalists, and others. These non-governmental connections have created elaborate webs of strong, positive U.S.-Asian relations.

Adding to the strengths of American ties with the region is immigration from the Asia-Pacific region to the United States. The United States is a country of immigrants, but for more than 100 years in the late 19th and much of the 20th centuries, the United States adopted discriminatory, racist policies regarding immigration from Asia. This dark period came to an end with civil rights legislation in the mid-1960s that established color-blind immigration standards. Millions of Asia-Pacific people subsequently came to the United States. Over the past half-century, many Asian immigrants have flourished in the American education and free-enterprise systems, becoming leading figures in the United States while sustaining close ties with their home countries.

The United States is integrated with the Asia-Pacific region at multiple levels. No other developed country, with the possible exception of Canada, has these strong societal connections with the Asia-Pacific region.

The Clinton and Bush Administrations

The post-Cold War administrations of President Bill Clinton and President George W. Bush were actively engaged in Asia, although they also had to contend with crises in Somalia, Bosnia, Kosovo, and Iraq, along with the threat posed by al-Qaeda. The Clinton administration, for example, announced a "New Pacific Community Initiative" in 1993, elevating the importance of the Asia-Pacific Economic Cooperation (APEC), a forum for promoting trade and good economic relations in the region. In 1995, President Clinton announced the normalization of relations with Vietnam.

President Clinton endeavored both to engage and deter China. He promised to welcome China's president to Washington and to energize negotiations leading to China's accession to the World Trade Organization (WTO). The Chinese leader visited Washington in 1998 and, through U.S. auspices, China joined the WTO in 2001. President Clinton also sent two aircraft carrier battle groups to the Taiwan area to deter China when it took provocative military actions prior to a Taiwan presidential election in 1996.

Harvard University Professor Joseph Nye, a leading Clinton administration strategist, has argued that the Clinton administration sought to "integrate" China into the WTO and other world bodies while "hedging" through closer American security cooperation with Japan and other means. He equated the Clinton policy with President Ronald Reagan's "trust but verify" approach in arms control negotiations with the Soviet Union.¹

Similarly, the Bush administration strengthened U.S. ties with allies and friendly countries in the Asia-Pacific region. It signed a pledge to promote bilateral cooperation with Indonesia in 2001, and it designated the Philippines and Thailand as major non-NATO allies in 2003. It signed free-trade agreements with Singapore in

1 Joseph Nye, "Our Pacific Predicament," *The American Interest*, Vol. 8, No. 4, (March/April 2013).

2003, Australia in 2004, and South Korea on 2007, and it brought the United States into the negotiations for a multilateral free-trade area, the Trans-Pacific Partnership (TPP), in 2008. In a major breakthrough, it signed a 10-year defense cooperation agreement with India in 2005, establishing a new “global partnership” and a strategic rapprochement with India.

A 2008 survey by The Chicago Council on Global Affairs highlighted the strength of the United States’ “soft power” in Asia. The survey found that the United States’ soft power ratings in the Asia-Pacific outstripped China and those of other countries in the region. In particular, the United States’ soft power rating in the region was stronger in comparison with China’s rating in all countries surveyed. (See Table 1). This soft power has been developed and nurtured as a result of two centuries of U.S. cultural, diplomatic, military, and economic interaction with the Asia-Pacific region.

Table 1: The Soft Power Index

Survey Countries	U.S. Soft Power	China Soft Power	Japan Soft Power	South Korea Soft Power
United States	-----	0.47	0.67	0.49
China	0.71	-----	0.62	0.65
Japan	0.69	0.51	-----	0.56
South Korea	0.72	0.55	0.65	-----
Indonesia	0.72	0.70	0.70	0.63
Vietnam	0.76	0.74	0.79	0.73

Source: Chicago Council on Global Affairs, “Soft Power in Asia: Results of a Multinational Survey of Public Opinion, 2008.”²

At the same time, the Bush administration continued to pursue a stronger relationship with Beijing. Indeed, the Bush government put aside its early claim that China was a “strategic competitor” and the hard feelings resulting from the April 2001 crash between a U.S. surveillance plane and a Chinese jet fighter.³ The Bush administration subsequently became preoccupied with al-Qaeda and counter-terrorism along with the wars in Afghanistan and Iraq. As the decade unfolded, China’s leaders saw their interests best served by a moderate approach that played down differences with the preoccupied U.S. government.

As in the Clinton years, the Bush government carefully “hedged” against rising Chinese military power directed against U.S. interests, notably in Taiwan and around China’s rim. The extensive American web of military relationships in the region and resulting capabilities were evident in repeated and sometimes remarkably large-scale military exercises. In June 2006, the United States conducted its largest Pacific Ocean exercise since the Vietnam War. This exercise involved 22,000 personnel, 280 aircraft (including B-2 and B-52 bombers), and 30 ships (including three U.S. aircraft carrier battle groups operating together in the Pacific Ocean for the first time

2 According to the Chicago Council on Global Affairs, the questions in the survey were designed to measure Asian attitudes regarding soft power. Various indices were created as summary measures that represent the average rating for each country for different aspects of soft power and provide one basic rating of the overarching concepts. Each index was created by standardizing the scales for several questions on a particular aspect of soft power (i.e., cultural soft power), adding together the scores for those questions, and then averaging to arrive at a combined rating for “cultural soft power.” Overall soft power is broken down into five separate indices that each measures a different form of soft power—economic, cultural, human capital, political, and diplomatic. Christopher Whitney, David Shambaugh, “Soft Power in Asia: Results of a 2008 Multinational Survey of Public Opinion,” The Chicago Council on Global Affairs, 2008.

3 Echoing the efforts of President Clinton, the Bush administration was explicit in its aspiration to integrate China into the international system. It hoped to achieve this by encouraging it to take on a more hands-on approach to international affairs. The Bush administration hoped China would become a leading actor in the international system. U.S. Deputy Secretary of State Robert Zoellick outlined the Bush administration’s hopes in a speech in 2005: “It is time to take our policy beyond opening doors to China’s membership into the international system: We need to urge China to become a responsible stakeholder in that system. China has a responsibility to strengthen the international system that has enabled its success. In doing so, China could...transcend the traditional ways for great powers to emerge.” Robert Zoellick, “Whither China: From Membership to Responsibility?” Remarks to National Committee on U.S.-China Relations, New York, September 21, 2005.

in ten years).⁴ Another notable exercise occurred 2007 in the Bay of Bengal along the sea line of communication leading to the Strait of Malacca that is very sensitive to China.⁵ This exercise saw two U.S. aircraft carrier battle groups join with an Indian aircraft carrier battle group and warships from Japan and Australia. At the end of the Bush administration, the United States had good and improving relations with many key countries in the Asia-Pacific region.

The story of the Obama administration's rebalance toward Asia is not a story of U.S. disengagement and then re-engagement in Asia; instead, it is a matter of emphasis and priority. The Obama administration has built on an elaborate foundation of U.S.-Asia relations that was already in place.

The Obama Administration

During the 2008 presidential campaign, Candidate Obama avoided the common and politically expedient practice of criticizing China on economic and other grounds. Following his inauguration, President Obama sought to sustain and enhance the positive direction in U.S.-China relations that had developed in the later years of the Bush administration. During a visit to China in his first year in office, President Obama aimed to establish even closer ties with Beijing. The results were mixed and somewhat disappointing from the Obama administration's perspective, setting the stage for the president's greater emphasis on other Asia-Pacific countries later in his first term.

Meanwhile, U.S. "hedging" against China's growing military power and episodes of Chinese assertiveness involving territorial claims in nearby seas continued.⁶ Foreshadowing the recent American military build-up in the Asia-Pacific region, the U.S. Navy carried out a remarkable demonstration of naval power in mid-2010 when three ballistic missile submarines reconfigured for cruise missile attack surfaced simultaneously in Diego Garcia (Indian Ocean), Busan (South Korea), and Subic Bay (the Philippines).⁷

Although there has been considerable continuity in U.S. policy toward the Asia-Pacific region, the rebalance nonetheless represents a significant shift in U.S. policy. The Obama administration has explicitly identified the broad Asia-Pacific region, from India to New Zealand and the Pacific Islands to northern Japan and the Korean Peninsula, as a geostrategic priority for the United States. The Obama administration has given the region a remarkable degree of high-level attention, including multiple presidential and cabinet-level visits. The administration's diplomatic engagement has included bilateral engagement with key countries as well as a much higher level of engagement with regional multilateral institutions. The administration's policy has also included new security and economic initiatives.

The Obama administration's rebalance toward the Asia-Pacific region has evolved over time and has gone through two distinct phases. When the new policy was first rolled out in 2011-12, much of the emphasis was initially placed on military initiatives in the region. China disapproved of these actions. Beijing took steps to demonstrate its power in maritime territorial disputes with U.S. allies – the Philippines and Japan. Chinese commentators claimed that the disputes with the Philippines and Japan were caused in part by stronger U.S. support for these allies under the rubric of the new U.S. policy. Senior U.S. officials, notably Director of National Intelligence James Clapper, saw the strong Chinese actions in the disputes with the Philippines and Japan as being motivated in part as a response to the new U.S. emphasis on the Asia-Pacific region.

4 U.S. Department of Defense, "Exercise Valiant Shield Kicks Off," (<http://www.defense.gov/home/photoessays/2006-06p20060619a1.html>).

5 U.S. Navy, "Exercise Malabar 07-2 Kicks Off," September 7, 2007, (http://www.navy.mil/submit/display.asp?story_id=31691).

6 Between 2009 and 2010, Beijing asserted a more aggressive regional foreign policy which was seemingly at odds with China's "peaceful rise" strategy. This strategy, established in the 1990s, had emphasized Chinese modernization and sought to downplay fears of Chinese regional hegemonic ambitions. American scholar Thomas Christensen cites, among a host of poorly received actions between 2009 and 2010: the harassment of U.S. Navy ship *Impeccable* by Chinese ships in international waters off China's coast in 2009; its vociferous warning to foreign powers not to interfere in China's sovereignty disputes at the ASEAN Regional forum in 2010; and its angry reproach of Japan in 2010 for detaining a Chinese captain who had rammed a Japanese fishing boat in disputed waters. Thomas Christensen, "The Advantages of an Assertive China: Responding to Beijing's Abrasive Foreign Policy," *Foreign Affairs*, Vol. 90, No. 2, (March/April 2011), pp. 54-7.

7 Mark Thompson, "U.S. Missiles Deployed Near China Send a Message," *TIME*, July 8, 2010.

WHAT THE REBALANCE IS NOT

- The rebalance is not a fundamentally new departure. It builds on longstanding U.S. interests and the policies of previous administrations.
- The rebalance is not limited to Northeast Asia, the traditional focus of U.S. policy in Asia. The new policy links that vital area with newly emphasized U.S. concerns in Southeast Asia, South Asia, the Indian Ocean, and the Pacific Ocean, creating a region-wide initiative of extraordinary breadth.
- The rebalance is not just a military strategy. It is multidimensional – comprised of several sets of security, economic, and diplomatic initiatives.
- The new U.S. policy is not static. The rebalance has gone through two phases and continues to evolve, shaped by the fluid dynamics of the Asia-Pacific region and changing circumstances in the United States.
- The rebalance is not a containment strategy with respect to China. Although the United States and China will inevitably compete economically and perhaps diplomatically and militarily, the Obama administration understands that a new Cold War is not in the U.S. national interest. President Obama has been explicit in stating: “We welcome the peaceful rise of China. It is in America’s interest to see China succeed.” These are powerful, positive statements about the U.S. view of its relationship with China.
- The Obama administration is not forcing other countries in the Asia-Pacific region to choose between the United States and China. The administration recognizes that every country in the region wants to maintain good relations with both the United States and China. Many key countries in the Asia-Pacific region have taken significant steps toward the United States in recent years, but they have done so voluntarily and often with considerable enthusiasm. It might be more accurate to say that China is engaging in self-containing behavior.

Against this background, the Obama administration adjusted its approach in late 2012, playing down the significance of U.S. military initiatives, emphasizing Washington’s economic and diplomatic efforts, and calling for closer U.S. engagement with China.⁸ This helped to reduce a source of tension in U.S.-China relations.⁹

⁸ Over time, Obama administration officials have been using the term “pivot” less frequently, preferring the term “rebalance.” Although the administration has been keen to pivot away from the wars in Iraq and Afghanistan, it does not want to create the impression that it is pivoting away altogether from the Middle East and Central Asia or neglecting longstanding interests in Europe and elsewhere. Use of the term “rebalance” helps to address this concern. Reflecting this new nomenclature, and our own belief that that the term “rebalance” more accurately reflects the nature and aims of Washington’s new policy shift – which are more subtle and nuanced than the original term “pivot” implies – we will generally use the term “rebalance” in this paper.

⁹ In particular, U.S. Secretary of Defense Leon Panetta’s speech at the Shangri-La Dialogue, in July 2012, signaled the administration’s awareness of rising concern in the Asia-Pacific region of the ramifications of an increased U.S. military presence in the Asia-Pacific region as part of the rebalance. Downplaying the importance of the rebalance’s military initiatives, he argued that “the vast majority of America’s rebalance comes in non-military areas like trade and development.” Leon Panetta, Speech at the IISS Asia Security Summit “Shangri-La Dialogue,” Singapore, June 2, 2012.

Strategic Rationale

Although commentators in China and some observers elsewhere have suggested that the rebalance was designed to contain China, this is a simplistic (and, in the case of China, partially contrived) reading of the new policy. U.S. policymakers are certainly aware of China's economic rise and its growing military power, but the rebalance has been driven by a much broader set of strategic, economic, and political considerations. Following more than a decade of war in Afghanistan and Iraq, the Obama administration has been trying to place more emphasis on Northeast, Southeast, and South Asia – parts of the world that will be of growing strategic and economic importance in the first half of the 21st century. In geostrategic terms, the rebalance is the Obama administration's grand strategy for U.S. foreign policy. Domestically, it is notable that Republicans have been mainly supportive or silent on the administration's Asia initiatives.

The new U.S. policy is also based on the need – widely felt throughout most of the Asia-Pacific region – for strategic reassurance in the face of a rising and increasingly assertive China. The rebalance is also driven by a desire to reassure U.S. allies, friends, and other countries in the region that the United States has not been exhausted after a decade of war, that it has not been weakened by economic and political problems at home, and that it is not going to disengage from Asia-Pacific affairs.

The fundamental goals of the new U.S. policy are to broaden areas of cooperation beneficial to the United States with regional states and institutions; strengthen relations with American allies and partners, including great powers such as China and India as well as important regional powers such as Indonesia; and develop regional norms and rules compatible with the international security, economic, and political order long supported by the United States.

Recent Developments

President Obama and China's new president, Xi Jinping, held an informal summit in California on June 7-8, 2013. This meeting provided an opportunity for the two presidents to focus on this important great power relationship, which had drifted somewhat in 2012 due to the presidential election in the United States and the leadership transition in China.

The summit was successful in meeting its limited aims. There was no public expectation that this meeting would produce any major, formal agreements or even a joint communiqué. It appears that both presidents succeeded at the summit in conveying their concerns: for the United States, cyber-espionage and theft of U.S. intellectual property, North Korea, and keeping the peace with respect to island disputes; for China, its domestic priorities, especially economic challenges and reforms; protecting China's sovereignty (Taiwan, island/maritime claims), and North Korea. Some of the bilateral issues raised at the summit were discussed in more detail by cabinet-level officials at the Strategic and Economic Dialogue, held in Washington D.C. in July 2013.

It appears that the summit succeeded in facilitating the management of U.S.-China relations at the very top levels, but it is much too early to tell if the summit represents a turning point in a relationship that has growing structural tensions.¹⁰ In particular, the United States and China's simultaneous hedging strategies against one another – which have been in evidence throughout the past two decades – point, and have contributed to, significant mutual distrust between the two countries.¹¹ The summit was not designed to produce a “reset” in U.S.-China relations.

10 American scholar David Shambaugh argues that the structural tensions existing between the United States and China are growing and increasingly threaten the stability of the international order. Shambaugh states that a “divergence, rather than a convergence of interests, approaches, and policies increasingly characterize the [U.S.-China] relationship.” Despite a web of institutionalized mechanisms having been established by both sides to manage this vital relationship, the United States and China “seem subliminally locked in a titanic struggle over competing visions of a world order.” However, as Shambaugh notes, the devastating consequences of a U.S.-China conflict mean failure is not an option for either side. David Shambaugh, “Tangled Titans: The United States and China,” Rowman and Littlefield, (2012), pp. 21-22.

11 Kenneth Lieberthal and Wang Jisi address this issue in an article in 2012. They argue that, despite both countries understanding each other's position on all major issues, and despite frequent high-level interaction, underlying distrust persists. The authors argue that China's distrust is rooted in history, with China steadfast in its belief that the United States' decline is culturally and historically inevitable. The U.S. perspective, they argue, views China's authoritarian system as incompatible with the modern international order. Kenneth Lieberthal and Wang Jisi, “Addressing U.S.-China Strategic Distrust,” Brookings Institution, March 2012.

Also in early June 2013, President Obama announced that U.S. Ambassador to the United Nations Susan Rice would replace Tom Donilon as the president's national security advisor, effective in early July. Our judgment is that this transition will not have a significant impact on U.S. policy toward Asia. The president himself is a driving force behind this policy. Mr. Donilon played an important role in developing and implementing the rebalance toward Asia, but he was not the prime mover behind it. Dr. Rice is not an Asia specialist, but she has worked at the UN on a wide range of Asia-Pacific issues, and she has worked with China on North Korea, Iran, Syria, and other issues. Our judgment is that she will get up to speed quickly on the rebalance and energetically implement the president's policy.

Meanwhile, the Obama government accompanied the extraordinary Chinese summit and focus on the Asia-Pacific with attentive efforts by senior administration officers in Obama's second term to assure leaders in Europe and the Middle East that America's rebalance toward the Asia-Pacific is not prejudiced against them and their interests. Most notable in this regard were diplomatic activities of incoming Secretary of State John Kerry.

Secretary Kerry reinforced the president's Asian policy in making the rounds in Asian capitals, consulting with regional leaders on how to deal with North Korea's latest provocations and attending the annual foreign ministers' meeting of the ASEAN Regional Forum in Southeast Asia on July 2. More importantly, the new secretary's very busy travel schedule showed extraordinary attention to working with European allies, Russia, and the powers in the Middle East, demonstrating deep American involvement in issues important to them including the Syrian conflict, reviving the Middle East Peace Process, and the future direction of NATO. Media reports have contrasted Kerry's style, language facility and assets as a seasoned interlocutor with a vast array of contacts in Europe and the Middle East with his more workmanlike performances in the Asia-Pacific, an area where he is less experienced in high politics despite his tour of duty during the Vietnam War.

The results have been good for American relations with key European and Middle East countries. Turkish foreign ministry officials told visiting Americans on June 26 that their prime minister was pleased with his three meetings with the new U.S. Secretary of State. They averred that Mr. Kerry and the United States were suitably attentive to the concerns of this pivotal NATO and Middle East ally over the fragile stability in Iraq, the Syrian conflict, the future of NATO, and Israeli-Palestinian issues. Media reports provided similarly positive reactions among European and Middle East leaders to the new secretary's collaborative and activist efforts on many issues of importance to them. The major government crisis and mass demonstrations in Egypt in July 2013 added to American imperatives for continued close engagement with European and Middle East allies and associates in responding in ways that can help to preserve their mutual interests, especially regional stability.

ELEMENTS OF THE REBALANCE

Although much attention has been focused on the military aspects of the U.S. rebalance to Asia – the most visible and perhaps the most controversial aspects of the policy – it is important to recognize that the rebalance is multidimensional. It contains three main sets of initiatives: security elements, economic elements, and diplomatic elements.

Security Elements

- The rebalance demonstrates that the Obama administration is giving priority attention to the Asia-Pacific region following U.S. pullbacks from Iraq and Afghanistan.
- The military elements of the new policy signal the administration's determination to maintain force levels and military capabilities in the Asia-Pacific region despite substantial cutbacks in overall U.S. defense spending.
- The administration's military steps will generate more widely-dispersed U.S. forces and basing/deployment arrangements. This reflects the rising importance of Southeast Asia, South Asia, and the Indian Ocean, along with the longstanding U.S. emphasis on Northeast Asia.
- The dispersal of U.S. forces and the development of the new Air-Sea Battle concept are designed to counter growing "Anti-Access/Area Denial" efforts in the Asia-Pacific region, mainly by China in the Taiwan area and along the Chinese maritime rim (but also by Iran in and around the Gulf).

New deployments and agreements: The U.S. rebalance involves new, significant military connections with Australia, Singapore, and the Philippines. In Australia, beginning in April 2012, a company-size rotation of 200-250 marines was rotated to an existing Australian military facility at Darwin for approximately six months at a time. The second rotation, for 2013, is under way. The size of the rotation will gradually expand – over the course of years – into a force of approximately 2,500 Marine Corps personnel (a full Marine Air Ground Task Force). The United States and Australia have agreed to plans for greater access by U.S. military aircraft to the Royal Australian Air Force facilities. Moreover, the two militaries are also said to be discussing greater U.S. Navy access to Australia's Indian Ocean naval bases. Secretary Hagel said in June 2013 that the two navies reached agreement to deploy an Australian warship in a U.S. carrier strike group in the Western Pacific. In Singapore, the first of four U.S. littoral combat ships recently arrived at the city-state's naval facility. The Philippines and the United States are discussing new military cooperation options, including the rotation of surveillance aircraft in the Philippines, rotating U.S. troops more frequently into the country, and staging more frequent joint exercises.¹²

The U.S. Department of Defense (DOD) has designed a strategy for the broad Asia-Pacific/Indo-Pacific region that takes advantage of American forces freed from the wars in Iraq and Afghanistan and better integrates U.S. capabilities with those of allies and partners. As noted above, Secretary Hagel and other U.S. leaders pledge that anticipated reductions in defense spending will not come at the expense of the Asia-Pacific.¹³ President Obama and U.S. military leaders released the DOD's January 2012 "Strategic Guidance," which pledged to minimize cuts in the size of the Navy, with reductions focused instead on Army and Marine ground forces. With the exception of the Korean Peninsula, the Asia-Pacific region is seen mainly as a naval theater of operations. The decision to focus U.S. defense cuts on non-naval forces reflects a shift in priorities that is unusual in defense planning.

The U.S. Department of Defense is complementing these changes with shifts in military-technological priorities in the U.S. defense posture, aimed at responding to potential future challenges. A number of initiatives are relevant to assessments of potential challenges in Asia in general and from China in particular. The Department of Defense has endorsed the continued deployment of 11 aircraft carriers and reemphasized efforts to improve capabilities to

12 For a detailed analysis of the security, as well as other elements of the U.S. Asia-Pacific rebalance, see: Mark E. Manyin, Stephen Daggett, Ben Dolven, Susan V. Lawrence, Michael F. Martin, Ronald O'Rourke, and Bruce Vaughn, "Pivot to the Pacific? The Obama Administration's 'Rebalancing' Toward Asia," Congressional Research Service, March 28, 2012.

13 In particular, U.S. Deputy Secretary of Defense Ashton Carter gave a detailed speech at the Center for Strategic and International Studies, on April 8, 2013. In his speech, Carter insisted that, "[the Department of Defense has] the resources to accomplish the rebalance. The rebalance will continue and in fact gain momentum. The U.S. defense rebalance to the Pacific is not in jeopardy." Ashton Carter, "The U.S. Defense Rebalance to Asia," Speech at the Center for Strategic and International Studies, Washington, D.C., April 8, 2013.

defeat “Anti-Access/Area Denial” strategies, which are known to be a focus for China’s military.

Specific steps announced by U.S leaders include:

- Shifting military capacities – especially naval and air capabilities involving surface ships, including eventually aircraft carriers, intelligence and surveillance capabilities, unmanned aerial vehicles – from the Afghanistan conflict and other theaters of operation to the Asia-Pacific.
- The United States plans to deploy 60 percent of U.S. naval capabilities in the broad Asia-Pacific/Indo-Pacific region, instead of 50 percent as in the past. This will involve a net increase of one carrier, seven destroyers, ten Littoral Combat Ships, and two submarines.
- U.S. defense officials recently highlighted military advances relevant to the region, including the successful launch of a remotely-piloted aircraft from an aircraft carrier and the planned deployment in 2014 of a directed energy weapon (a solid-state laser) aboard ships for ship-defense purposes.
- The U.S. Air Force has already allocated 60 percent of its overseas-based forces to the Asia-Pacific region. Other advances include lethal and surveillance unmanned aerial vehicles (UAVs), new fighters and bombers, and reconnaissance, cyber, and space capabilities. The Air Force is also focusing 60 percent of its space and cyber capabilities on the Asia-Pacific region.
- The U.S. Army’s 25th Infantry Division and the 1st and 3rd Marine Expeditionary Force are returning to their home stations in the Pacific theater as a result of the drawdowns in Iraq and Afghanistan.

U.S. plans call for a broader and more flexible distribution of forces in the Asia-Pacific region. This accelerates changes underway since the Bush Administration to make the U.S. defense posture in Asia “more broadly distributed,” particularly by strengthening the U.S. military presence in the southern part of the western Pacific. The guiding premise appears to be that it is more advantageous for the United States, and a better reflection of the way in which states in the region view their interests, to strengthen the U.S. military presence in the increasingly vital southern part of the region.

The shift in focus toward the south will be carried out by what officials describe as a more flexible approach to deployments in the region. Going forward, U.S. deployments will be smaller, more agile, expeditionary, self-sustaining, and self-contained. In contrast to a reliance on large permanent bases in Japan and South Korea, U.S. forces in the south will carry out operations mainly through rotational deployments of military units to different parts of the region. Measures to sustain the U.S. presence include a substantially expanded array of naval access agreements; expanded training exercises with other countries; and other, diverse means of engagement with foreign militaries. The new approach seeks to avoid large expenditures on permanent new bases.

A corollary effort under the rebalance is strengthening the independent security capacities of key “partner states” through more flexible security assistance mechanisms and through cooperative counter-terrorism, counter-drug, and counter-insurgency operations. The White House and the Department of Defense have stressed their desire to increase training and joint exercises with allies and new military partners, in order to “ensure collective capability and capacity for securing common interests.”¹⁴

As part of this move, the United States is reinvigorating its formal U.S. alliances – particularly with Australia, Japan, the Philippines, and South Korea – as well as the U.S. relationship with Singapore. Secretary Hagel highlighted all of these relationships during his visit to the region in June 2013. Simultaneously, the Obama administration is expanding the Bush administration’s push to diversify the range of U.S. partners to include India, New Zealand, Vietnam, and Indonesia. For many years, India has participated with the United States in a variety of sophisticated military exercises. After trying for many years to get beyond the break in their alliance relationship in the 1980s, New Zealand and the United States have reinvigorated their military ties with close collaboration and defense dialogues over areas of mutual concern. Vietnam has signed agreements with the United States dealing with defense cooperation over maritime security and other issues; the two countries have also held joint military exercises. Indonesia and the United States have formalized defense assistance arrangements, and they have conducted a large number of military and security exercises through the U.S.-Indonesian Comprehensive Partnership that was established in 2010.

14 U.S. Department of Defense, “Sustaining US Global Leadership: Priorities for 21st Century Defense,” January 2012, p. 2.

New operational plans: Among the strategic initiatives that the U.S. Department of Defense has been developing with the Asia-Pacific in mind, is a new Air-Sea Battle (ASB) concept that is intended to increase the joint operating effectiveness of U.S. Navy and Air Force units, particularly in operations for countering anti-access strategies. Development of the ASB was announced in the Obama's administration's 2010 Quadrennial Defense Review. Although authoritative information about the ASB is limited, it appears that the new approach will emphasize attacks on the sensors and weapons an adversary would need for a successful area-denial strategy.¹⁵ U.S. military officials have said the ASB will "break the kill chain" by: disrupting an adversary's command, control, communications, computers, intelligence, surveillance, and reconnaissance systems; destroying weapon launchers (including aircraft, ships and missile sites); and defeating any weapons and adversary launches. This approach is based on the idea that, to attack U.S. forces, an adversary must complete a complicated sequence of actions: locating U.S. forces, targeting those forces, launching weapons, and directing those weapons effectively. Each of these steps is vulnerable to interdiction or disruption. Because each step must work in order to carry out a successful strike, U.S. forces can focus on the weakest links of the chain. Many observers believe that the ASB is focused to a large degree, if not principally, on countering Chinese and Iranian "Anti-Access/Area Denial" efforts.¹⁶

Military cooperation with China: The Obama administration initially had high hopes for closer engagement with China. Those expectations were dampened by China's reluctance to join with the United States in dealing with salient international problems and by China's challenging and assertive behavior, especially over maritime and territorial disputes. The U.S. rebalance was in part a response to China's rising assertiveness with respect to its neighbors as well as an effort to deepen engagement with Beijing to keep the U.S.-China relationship from becoming confrontational.

U.S. military commanders have been in the lead in seeking greater engagement with their Chinese counterparts. Chairman of the Joint Chiefs of Staff Martin Dempsey underlined this priority in a successful visit to China in April 2013. U.S. military commanders and civilian officials recognize that U.S. military rebalancing could lead to frictions with China that could, in turn, disrupt regional stability.¹⁷

It is not clear exactly why Chinese military leaders, long suspicious of interchanges with the United States, have recently adopted the more positive approach to military-to-military dialogue seen during General Dempsey's visit. Some observers connect the change with the U.S.-China summit held in California in June 2013. The run-up to that meeting featured some moderation in China's approach to differences with the United States. It remains to be seen whether this more positive approach will continue.

Economic Elements

- The U.S. rebalance includes an array of economic initiatives. This reflects the recognition in the United States that Asia is and will continue to be a vital economic region for decades to come. Close American economic interaction and integration with Asia's growing economies and its burgeoning economic multilateral groupings will be essential for the health of the U.S. economy.
- Much of the public discussion has focused on the Trans-Pacific Partnership (TPP), a set of multilateral

15 The U.S. Department of Defense's January 2012 white paper detailed the U.S. military's heightened focus on deterring "potential" adversaries through power projection in areas where its "access and freedom to operate are challenged." This appears to be a reference to China's increased anti-access/area denial capabilities, which the ASB concept may help counter. U.S. Department of Defense, "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense," January 2012, p. 2.

16 For a more detailed analysis of the Air-Sea Battle concept, see: Jonathan Greenert and Mark Welsh, "Breaking the Kill Chain," *Foreign Policy*, May 16, 2013.

17 As a result, the U.S. Department of Defense is increasingly looking to engage its Chinese counterpart on issues of defense. In an address to a Chinese military academy in September 2012, U.S. Secretary of Defense Leon Panetta outlined his belief that Washington's increased engagement as part of the rebalance can promote regional stability and deepen Sino-U.S. ties. Central to this ambition is a more integrated U.S.-China military relationship: "Our rebalance to the Asia-Pacific region is not an attempt to contain China. It is an attempt to engage China and expand its role in the Asia-Pacific. It's about creating a new model in the relationship of our two Pacific powers. It's about renewing and revitalizing our role in a part of the world that is rapidly becoming more critical to our economic, diplomatic, and security interests. And as I've made clear, essential to all of these goals – essential to these goals is a constructive military-to-military relationship with China." Leon Panetta, Speech to the PLA Engineering Academy of Armed Forces, September 19, 2012.

- negotiations that now involves the United States and 11 other countries, including Japan, Canada, and Mexico.¹⁸
- The United States is also in the process of increasing its foreign aid to the Asia-Pacific region by seven percent. This is another element of Washington's effort to strengthen its multidimensional economic ties with the region.

Asia's importance and U.S. initiatives: Projections indicate that the greater Asia-Pacific region (including India) is rising in importance in the global economy and world trade. The region has been actively pursuing greater economic integration at a pace exceeding that of other parts of the globe. The annual flow of U.S. investment into East Asia increased from \$22.5 billion in 2009 to \$41.4 billion in 2011. U.S. exports to the Asia-Pacific totaled more than \$320 billion in 2012, after growing nearly eight percent since 2008.

The Obama administration has increased the U.S. focus on economic and trade relations in the Asia-Pacific. The region plays a crucial role in the President's National Export Initiative: four of the ten emerging export markets targeted in the 2011 National Export Strategy – China, India, Indonesia, and Vietnam – are part of the Asia-Pacific region. In addition, heightened U.S. economic engagement – for instance, through the TPP – demonstrates that the United States wants to remain a major force in the region's economic and geopolitical integration.

Elements of the Obama administration's trade policy in the region are broadly consistent with and build on policies of the Clinton and Bush administrations. Both of these administrations supported the granting of normal trade relations (NTR) and membership in the World Trade Organization to China, Taiwan, Hong Kong, and Vietnam. In addition, President Clinton elevated the importance of the Asia-Pacific Economic Cooperation forum in 1993 and initiated free-trade negotiations with Singapore that eventually were concluded under the Bush administration. President Bush concluded a similar agreement with Australia, initiated ultimately unsuccessful FTA negotiations with Malaysia and Thailand, signed an FTA with South Korea, and announced the intent to enter into talks with the existing TPP. The Obama administration's decision to pursue the South Korea-U.S. FTA (which was successful, after some negotiated modifications) and the TPP show that there is a great deal of continuity in U.S. trade policy in Asia.

The United States also worries about the impact that maritime territorial disputes and infringements on freedom of navigation will have on the vast and internationally important commerce that crosses the Indian Ocean and the western Pacific Ocean. These are areas where the U.S. Navy has played a leading role in enforcing stability for decades.

China's responses: Regional governments face a choice that will likely determine how well or poorly future regional economic integration supports U.S. interests. American involvement in the TPP negotiations supports a path of regional economic integration consistent with a U.S.-style free-trade agreement (a binding, comprehensive agreement that liberalizes trade and investment to parties to the agreement). The U.S. approach stands in contrast with efforts supported by China. Beijing's approach involves agreements that are narrower in scope, open to certain Asian countries while excluding the United States, and more lax in requiring free trade in services as well as goods, free investment, market access, and protection of intellectual property rights.

For years, China has favored regional economic and other groups that focus on Asian participants and simultaneously exclude the United States. The China-fostered Shanghai Cooperation Organization (SCO) includes China, Russia, and four Central Asia governments as members and several regional observer states. The SCO repeatedly makes statements and adopts policies that oppose U.S. goals in the region.

In eastern Asia, China has favored groups centered on the ten ASEAN countries¹⁹ plus China, Japan, and South

18 The Trans-Pacific Partnership is a proposed regional free trade agreement among 12 countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. Brock R. Williams, "Trans-Pacific Partnership (TPP) Countries: Comparative Trade and Economic Analysis," Congressional Research Service, June 10, 2013.

19 The Association of Southeast Asian Nations (ASEAN) was established on August 8, 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration) by Indonesia, Malaysia, Philippines, Singapore, and Thailand. Brunei Darussalam joined on January 7, 1984, Vietnam on July 28, 1995, Laos and Myanmar on July 23, 1997, and Cambodia on April 30, 1999. The accession of Cambodia saw ASEAN expand to its current size of ten countries. Association of Southeast Asian Nations Official Website, <http://www.aseansec.org/overview/>.

Korea – known as ASEAN Plus 3. China unsuccessfully opposed the opening of the East Asia Summit in 2005 to include India, Australia, and New Zealand, and the opening of the group to U.S. membership. With the support of Japan and ASEAN members such as Singapore and Indonesia, President Obama joined the group and has participated in annual group leaders summits for the past two years. The U.S. government views the group as a key element in American regional interaction.

A new stage of Sino-American competition over Asian regional economic groups emerged over the past year with China backing a new regional body known as the Regional Comprehensive Economic Partnership (RCEP). The RCEP excludes the United States while including all ASEAN Plus 3 states as well as India, Australia, and New Zealand. Chinese and other commentators see the RCEP competing with the more demanding standards of the TPP favored by the United States. China has also expressed concern about the Obama administration's recent initiative to start free-trade talks with the European Union along with its TPP negotiations. These negotiations will establish international economic standards that China is reluctant to meet.

The United States and China are very far apart on the critical issue of intellectual property rights protection. The Obama administration has repeatedly and strongly criticized Chinese use of cyber technology to steal valuable intellectual property from more developed countries. China has agreed to talks with the United States on this issue, but the chasm is wide.

Prospects: It will be a challenge for the Obama administration to carry out two major, multilateral FTA negotiations concurrently (with Asia-Pacific and European partners) and achieve a successful outcome that can garner congressional approval. The RCEP's standards will be easier for Asian countries to meet.²⁰ What is certain is that the United States and China are likely to compete, not just economically, but in regional economic diplomacy.

Diplomatic Elements

- The rebalance entails a significant enhancement of U.S. diplomatic activism in the region. The Obama administration has been engaged at the presidential and cabinet levels, its engagement has been intense and sustained, and its efforts have entailed a range of bilateral and multilateral efforts. U.S. goals include regional security and stability, free and open economic exchange, and political relations and values involving human rights and accountable governance.
- Insufficient U.S. engagement would run the risk that Asia-Pacific states and regional groups would fail to create and sustain norms consistent with the inclusive, transparent and liberal international order long fostered by the United States that emphasizes collective security, free trade, and open societies.
- Misaligned U.S. engagement would run the risk of regional states, most of which closely watch American involvement in the region, viewing U.S. policy as focused excessively on competition with China and deterrence of Chinese assertiveness and expansion, or focused excessively on accommodation with China at the expense of other regional states and their interests. The ability of the United States to strike the right balance in relations with China has implications that extend far beyond the U.S.-China relationship.

Bilateral and multilateral initiatives: The strong record of Obama administration diplomacy in the Asia-Pacific region has involved strengthening U.S. alliances; building deeper relationships with partners such as Singapore, Indonesia and India; deepening engagement with Asia-Pacific multilateral institutions; and managing the U.S.-China relationship.

Secretary of State Clinton made far more visits to countries in East Asia and the Pacific than her three predecessors.

²⁰ A report by the Center for Strategic and International Studies notes that the RCEP “anticipates the bare minimum of trade liberalization.” As a result, its creation presents a challenge to the United States’ ambition to foster economic cooperation that meets its own standards. The potential for competition between the United States and China over regional economic policy is therefore set to continue and perhaps intensify. As Murray Hiebert and Liam Hanlon’s article notes, “[the RCEP’s] numerous flexibility caveats ensure that no member has to adopt trade policies with which it disagrees, and it protects sensitive industries from exposure to enhanced competition. This condition made it possible to attract less-developed countries to the grouping and ensure wider membership.” Murray Hiebert and Liam Hanlon, “ASEAN and Partners Launch Regional Comprehensive Economic Partnership,” Center for Strategic and International Studies, December 7, 2012.

U.S. diplomatic activism was most evident in intensified efforts to expand and upgrade U.S. participation in multilateral Asian and Asia-Pacific institutions. The latter include the ASEAN Regional Forum (ARF), a regular security dialogue among 27 nations, and the East Asia Summit (EAS) involving 18 Asia-Pacific states. As noted earlier, China has made concerted efforts to develop regional groupings in ways that excluded the United States.

The Obama administration appreciates the great importance of regional institutions and arrangements in the Asia-Pacific region. The administration sees regional institutions as opportunities for the United States to shape the security and economic development of the region.²¹ Through the rebalance and the focus on multilateral regional institutions, the administration seeks to advance America's role in discussions over a broad range of issues, from maritime security and non-proliferation, to the liberalization of trade and investment across the region. Moreover, leaders in the region, particularly in Southeast Asia, generally prefer that U.S. engagement in the Asia-Pacific be anchored in a strong U.S. commitment to the region's multilateral institutions. In this important respect, the new U.S. approach is very much in line with the preferences of every regional power – except China.²²

Starting with its 2009 decision to sign the Treaty of Amity and Cooperation (TAC) with ASEAN, the Obama administration has pursued a range of policies that have deepened U.S. participation in regional organizations, a process that led to President Obama's attendance at the annual EAS in 2011 and 2012. The United States has also sought regional cooperation on nuclear nonproliferation and disaster preparedness through its engagement in security-related multilateral institutions, as well as regional agreements on trade facilitation initiatives through APEC and the TPP. The Obama administration has sought Economic Support Fund (ESF) monies for assistance to ASEAN for the strengthening of the organization's Secretariat, as well as education, disaster-preparedness, transnational crime, and anti-corruption programs in the region. The administration has also sought funding for disaster preparedness programs under the ASEAN Regional Forum.

The annual gathering of regional defense officials at the International Institute for Strategic Studies (IISS) "Shangri-La Dialogue" in Singapore has become a favored venue for U.S. defense secretaries to explain U.S. policies and initiatives. U.S. Secretary of Defense Chuck Hagel used the June 2013 meeting to highlight the strong, continuing U.S. commitment to regional security. He noted the Obama administration's strong support for ASEAN and ASEAN-led regional groups. Secretary Hagel called attention to U.S. plans to host a meeting of the ASEAN defense ministers in Hawaii in 2014, and to U.S. support for the ASEAN Defense Ministers Plus grouping that includes the United States in a variety of security-related discussions. The secretary summarized the U.S. commitment by saying, "Our relationships with ASEAN nations are critical."

U.S. engagement with China: At the same, the Obama administration has continued to engage Beijing at the highest levels. In the first months of his second term, President Obama sent the secretaries of Treasury and State to China, along with the Chairman of the Joint Chiefs of Staff and the National Security Adviser. Beijing has welcomed these initiatives and the continuation of more than 90 formal dialogues with the United States, including the annual Strategic and Economic Dialogue chaired by the U.S. Treasury and State secretaries and their Chinese counterparts. As noted earlier, military-to-military exchanges also have improved. Chinese officials and non-official commentators have been more inclined to emphasize the positive, following the announcement in spring 2013 of the presidential summit in California in June.

21 In November 2011, U.S. Secretary of State Hillary Clinton stated that the United States' ambition, as part of the rebalance, is to establish a framework for stability in the Asia-Pacific similar to that which the United States helped to construct in Europe. Alliance-building and the strengthening of regional institutions is therefore absolutely fundamental to the rebalance, and, in Washington's eyes, the stability of the international order. As Clinton argues, the United States' "challenge is to build a web of partnerships and institutions across the Pacific that is as durable and as consistent with American values as the web we have built across the Atlantic." Hillary Clinton, "America's Pacific Century," *Foreign Policy*, No. 189, (November 2011), pp. 56-63.

22 In particular, China has vehemently opposed efforts by the United States to use ASEAN as a forum for the resolution of sovereignty debates in the South China Sea. At the ASEAN Foreign Ministers Meeting in July 2012, and again at the East Asia Summit the following November, Beijing was reported to exert pressure on host Cambodia – a long-time ally of China – to remove territorial and maritime disputes from the agenda. Beijing continues to insist its sovereignty disputes be resolved bilaterally, where it believes it can exert greater leverage over fellow claimants. According to a report by the Center for Strategic and International Studies, the reputations of both Cambodia and China "took a beating as a result." Ralph Cossa and Brad Glosserman, "Regional Overview: US Rebalances As Others Squabble," *Comparative Connections*, Vol. 14, No. 2, (September 2012), p. 2.

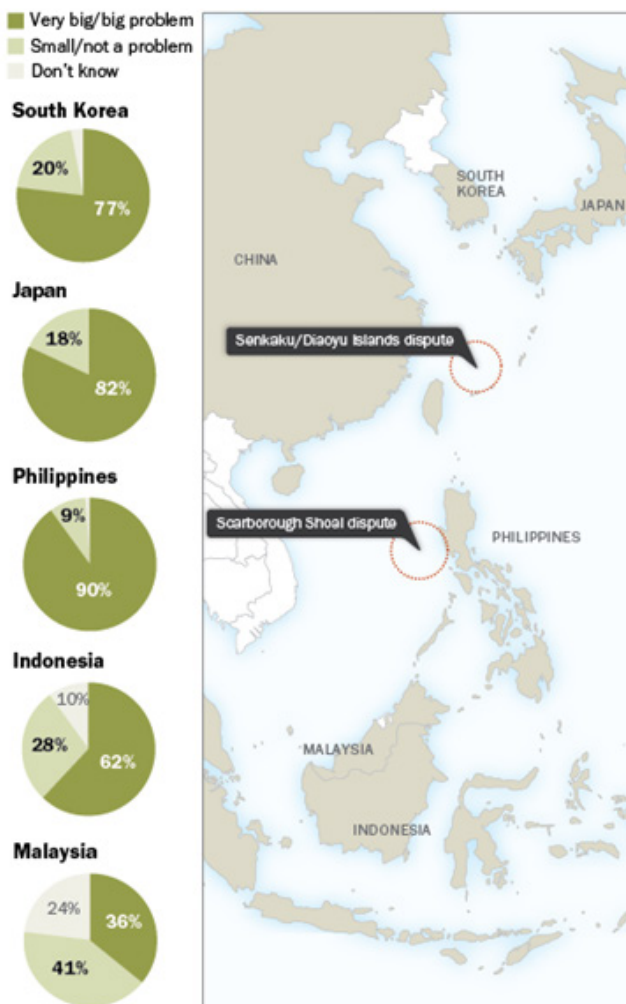
REGIONAL RESPONSES TO THE REBALANCE

China has reacted at two levels to the Obama administration's rebalancing of U.S.-Asia relations. At the official level, Chinese government representatives and official media have leveled measured criticism of the U.S. rebalance, especially the military aspects of the new policy. Official sources have also criticized U.S. diplomatic activism that has been seen in Beijing as U.S. support for American allies and associates that have maritime and territorial disputes with China. In China's burgeoning non-official media, criticism of the rebalance and the United States has been more intense and even vociferous. Some commentators have alleged that the United States is engaged in a conspiracy to develop a Cold War-style "containment" of China.

Table 2: Territorial and Maritime Disputes in the Asia-Pacific

Territorial Disputes with China

How big a problem are territorial disputes between China and your country?



Source: Pew Research Center, *Global Attitudes Project*, 2013.²⁶

protracted, intense disagreements with China over maritime territorial disputes, with China in both cases exerting extraordinary coercive diplomatic, economic, and military power.

The run-up to the June 2013 summit between President Obama and President Xi coincided with the start of greater moderation in Chinese assessments. China's ambassador stated in May that the Obama administration over the past year had been making "a serious effort" in explaining to China why the rebalance should not be seen as directed against China. He said "we have to wait and see what will happen in reality," adding in regard to the TPP that, "it's too early to come to the conclusion that the TPP is against any particular country."²³ Veteran Chinese foreign policy officials told visiting Americans in late May 2013 that there were "no fundamental, structural, or irreconcilable differences" between the two countries.²⁴ As noted earlier, Chinese military commanders also have recognized the shift in U.S. policy away from military initiatives and with less of a focus on China. While still wary of U.S. intentions, Chinese officials have been more positive toward U.S.-China military engagement than at any time during the Obama administration.²⁵

Almost every other regional power in Northeast, Southeast, and South Asia holds to two positions. First, most regional powers have been publicly or privately pleased to see the stronger U.S. commitment to the Asia-Pacific region. Second, regional powers are also keen to avoid having to choose between the United States and China. They very much want to have good relationships with both the United States and China.

Many regional governments have therefore not made strong, public statements in support of the U.S. rebalance. Avoiding any public sign of a leaning one way or the other, they have been "straddling the fence" in an effort to balance their relations with the United States and China. The Philippines, Japan, South Korea, and Singapore have been exceptions to the generally muted official reactions in the region; their support for a higher level of U.S. security and diplomatic involvement in the region has been quite explicit. It is not a coincidence that the Philippines, Japan, and South Korea are embroiled in territorial and security disputes. The Philippines and Japan have been engaged in

23 "Beijing's Brand Ambassador: A Conversation With Cui Tiankai," *Foreign Affairs*, Vol. 92, No. 4, (July/August 2013), pp. 10-17.

24 Remarks by senior Chinese foreign policy officials, International Symposium on China's Development Strategy and China-U.S. Relations, China Center for Contemporary World Studies, Beijing May 28, 2013 (attended by Robert Sutter).

25 Yao Yunzhu, "Boost for Sino-U.S. Military Ties," *China Daily*, June 17, 2013.

26 Richard Wike and Bruce Stokes, "Who Is Up, Who Is Down: Global Views of China and the U.S.," Pew Research Center, *Global Attitudes Project*, July 2013.

A recent survey by the Pew Center illustrated the high degree of concern among Asia-Pacific states currently engaged in territorial and maritime disputes with China over the development of these disputes (See Table 2). A small and vulnerable city-state, Singapore has done more than many U.S. allies to embrace close strategic cooperation with what it sees as the stabilizing influence of the United States.

Australia and New Zealand also have warmly welcomed the new U.S. policy, although both have taken pains to avoid upsetting China and their important economic ties with Beijing. Many other key countries in the region – including India, Vietnam and Burma – have taken significant steps to improve relations with the United States in recent years. Although governments in these countries have been careful to preserve their close economic ties with China and to avoid offending the region’s rising power, they have found it strategically reassuring to position themselves a few steps closer to the world’s preeminent superpower.

In the face of a rising and increasingly assertive China, many countries in the Asia-Pacific region have drawn on classic balance-of-power thinking and “rebalanced” their own positions closer to the non-threatening great power. At the same time, a number of important states including Indonesia, Thailand (a formal U.S. treaty ally), and Malaysia have been “straddling the fence” – avoiding clear signs of tilting toward the United States or China.

The many countries that have explicitly supported or quietly embraced the U.S. rebalance to the Asia-Pacific have probably been motivated more by concerns over China than by the intrinsic appeal of U.S. policies. Rising concerns about China’s power and China’s policies have influenced strategic calculations throughout much of the Asia-Pacific region. Although many Chinese commentators accuse the United States of having a stealthy containment strategy, it might be more accurate to say that China is engaging in self-containing behavior.

REGIONAL BALANCING

Competition between the United States and China in Asia influences and in turn is influenced by policy priorities of the Asia-Pacific governments’ countries. Those priorities focus on economic development and sustaining national sovereignty and independence. The former attracts the governments to both China and the United States; the latter inclines the governments to be wary of China while seeking closer U.S. ties.

Seeking development, most governments give high priority to export-oriented growth and to working effectively with burgeoning trade in the region. This trade is highly interdependent, placing a premium on sustaining regional stability and cooperative relations with major foreign investors and trading partners. Thus, China, the region’s largest trader, sees over half of its trade controlled by foreign invested enterprises in China, with about 35 percent of Chinese trade made up of so-called processing trade, where commodities are made from components from several countries and cross several borders before a finished product is completed (often in China but with only a minority of value added in China). Such trade depends heavily on foreign investment in China on the one hand, and on exports out of Asia, notably to the United States and the European Union, on the other.

Because of concerns with sovereignty and national independence, most Asia-Pacific governments remain wary of their neighbors and of other powers that might challenge their sovereignty and independence. Apart from the U.S. alliance system in the Asia-Pacific, there are few allied relationships in this region. The strategic distrust that one sees today between China and the United States and between China and Japan quietly pervades regional relationships despite efforts to build regional cooperative organizations. The regional governments are willing to work reasonably well together on efforts seeking cooperative economic relations; but they use regional groupings like those in ASEAN and affiliated bodies in order to control their neighbors and preserve and strengthen their sovereignty and independence, a marked contrast with the European Union and other international groups where nations compromise sovereignty and independence for the broader regional good.

Against this background, regional governments tend to maneuver and engage in contingency plans in order to preserve their interests in the face of new challenges posed most recently by China’s rise. On the one hand, they seek cooperative relations with China and mutually beneficial development. On the other hand, they worry about China’s ambitions and possible dominance. In general, the governments no longer see a danger of U.S. dominance, while many see the United States and closer relations with the United States as a useful hedge against possible domineering behavior by China.

Northeast Asian Responses

China: China's official response to the new U.S. policy has been largely measured and restrained. Nonetheless, repeated but considered criticism has been directed at the military elements of the rebalance. Beijing has urged the U.S. to "abandon [its] zero-sum game" and discard "the Cold War mentality" in light of U.S. alliance-building and more integrated military partnerships, which it argues threatens regional stability.²⁷ In a thinly-veiled rebuke of U.S. policy, China's April 2013 Defense White Paper stated that, "some country has strengthened its Asia-Pacific military alliances, expanded its military presence in the region, and frequently makes the situation there tenser."²⁸ Unofficial reactions in China have offered more vociferous criticism against an increased U.S. presence in the region. Chinese scholar Wu Xinbo asserted that President Obama's policies had left "a legacy of growing mutual suspicion and rising competition." He noted Chinese perceptions of the rebalance as a direct challenge to China's rise and a changing balance of power in global affairs that will ultimately favor China.²⁹

In the heated sovereignty disputes in the East China and South China Seas, Beijing has accused the United States of sensationalizing divisive issues and fomenting regional conflicts with the goal of hindering China's rise. Increasing Chinese nationalist sentiment and growing Chinese maritime capabilities have led to calls for a more confrontational approach to China's sovereignty disputes, reflected in what American scholar Bonnie Glaser described as "evidence of a top leadership decision to escalate China's coercive diplomacy" in nearby seas.³⁰ China's leaders have repeatedly advised Washington to desist from interfering in the disputes and to urge its partners to avoid overtly provocative displays of hostility.³¹ They welcomed President Obama's message at the East Asia Summit in November 2012, which appeared calibrated to avoid emboldening U.S. allies who are party to the disputes. However, Washington's ongoing interests in freedom of navigation and international maritime law continue to be challenged by China's rapidly expanding civilian maritime forces that, replete with nationalist vigor, have harassed foreign ships in international waters and heightened the possibility of armed escalation between China and its neighbors.³²

China has also resisted Washington's efforts to promote regional integration even as Beijing's official rhetoric welcomed the prospect of initiatives aimed at promoting regional stability. For example, increased U.S. attention to ASEAN has not been censured publicly. However, Beijing's visible attempts to divide the organization as it sought to address regional sovereignty disputes reflected its ongoing preference to deal with sovereignty questions in a bilateral setting, where it can greater exert its significant power to achieve its ambitions. Similarly, China's official response to the launch of the TPP was one of caution, emphasizing its "open attitude towards all cooperative initiatives conducive to the economic integration and common prosperity in the Asia-Pacific,"³³ although non-

27 "China Urges Politicians to Discard Cold War Mentality," *Xinhua*, September 29, 2011.

28 "The Diversified Employment of China's Armed Forces," Ministry of National Defense, Peoples Republic of China, April 16, 2013.

29 Criticism from China's unofficial sources has generally asserted that the rebalance has negatively contributed to a decline in mutual trust, not only between the United States and China, but between the United States and the Asia-Pacific region. See: Wu Xinbo, "Beijing's Wish list: A Wiser China Policy in President Obama's Second Term," Brookings Institution, December 2012.

30 Bonnie Glaser, "Beijing As An Emerging Power in the South China Sea," Statement Before the U.S. House of Representatives Foreign Affairs Committee, September 12, 2012.

31 To an outsider, the value attributed by China to its sovereignty claims often appears to outweigh the practical benefits of sovereign ownership of these territories, such as the tiny, contested Senkaku/Diaoyu Islands in the East China Sea. But the importance Beijing and the Chinese people attribute with issues of sovereignty is rooted in history. According to Michael Swaine, "the intensity of the Chinese response to sovereignty-related challenges or issues is reinforced by the emotional association of these issues with the violations of China's sovereignty that occurred during China's 'Century of Humiliation' at the hands of foreigners (extending from the mid-19th to the mid-20th centuries)." Repeated violations of China's sovereignty by foreign countries during this period have contributed to a collective determination in China to defend its sovereignty even at significant cost. Michael Swaine, "China's Maritime Disputes in the East and South China Seas," Testimony to the U.S.-China Economic and Security Review Commission, April 4, 2013.

32 Often operating under loose control from Beijing, Chinese civilian maritime actors are harassing foreign ships in international waters and expanding tourism and economic activities in disputed waters. The potential for unwanted escalation as a result of a unilateral action taken by one or more maritime actors is now dangerously real. According to a report by the International Crisis Group, "it is the increasing number of civilian vessels patrolling disputed waters that presents the greatest potential for conflict." The report said that Beijing is struggling to manage these actors as a result of poor bureaucratic coordination and weak legitimacy. International Crisis Group, "Stirring Up the South China Sea (II)," Asia Report No. 229, July 24, 2012.

33 "China Holds An Open Attitude to Trans-Pacific Partnership Pact: Official," *Xinhua*, November 15, 2011.

official commentary accused the United States of promoting an economic enterprise that deliberately excluded China. Beijing reacted by promoting the RCEP which, as noted above, will not be bound by the strict provisions likely to govern the TPP, thereby providing a direct challenge to U.S. attempts to establish a rules-based economic order in Asia.

Looking ahead, it remains to be seen if China can sustain the more moderate stance toward U.S. policy seen in the run-up to the June 2013 summit. China remains deeply skeptical of the rebalance, although Beijing has been somewhat eased by Washington's attempts to provide reassurances over U.S. intentions and its emphasis on the diplomatic, rather than the military, elements of the new policy. However, China's growing nationalist societal undercurrents – whose views are increasingly tolerated and influential in Beijing – are pushing for a more robust Chinese response to both the U.S. rebalance and to regional affairs. As the Chinese Communist Party wrestles with its long-term legitimacy, it may be forced to cater to these factions at some cost to its international reputation, even as it struggles to ensure the economic growth on which China's prosperity depends. This is a complex balancing act, with an uncertain future.

Japan: The Japanese government and mainstream foreign policy community have generally welcomed the rebalance, greeting the U.S. intention to maintain and even enhance its military presence in Asia in the context of a rising China. In April 2013, Japan's Prime Minister Shinzo Abe avowed that “the very existence of the Japan-U.S. alliance is a stabilizing factor, which contributes to the peace and stability of the region,” amid heightened tensions in the East China Sea over its island dispute with China. A bone of contention remains the U.S. commitment to Japan over the disputed Senkaku/Diaoyu islands. Washington continues to pledge neutrality over the disputed territorial claims, although U.S. Congress and Obama administration officials have affirmed that the scope of the U.S.-Japan Security Treaty covers the islands, thereby clouding the debate further.³⁴

Japanese officials also worry that U.S. domestic fiscal problems will prevent Washington from fully implementing the rebalancing strategy and that as a global power, the United States could once again focus its attention on regions such as the Middle East. Accordingly, Tokyo holds that Washington will expect greater contributions from Asia-Pacific allies like Japan to promote common security interests. In response to this expectation, the Abe government has begun to increase defense expenditures after a decade-long spending freeze and to push for a reinterpretation of the constitution to enable Japan to exercise the right of collective self-defense. Since the rebalance entails enhancing U.S. military activities in Southeast Asia and Australia and developing Guam as a military hub, Tokyo defense planners understand that Japan must assume greater responsibility for maritime security in the East China Sea. They are also considering ways that Japan can facilitate capacity-building in the security realm of friendly Southeast Asia countries so that they can better resist Chinese assertiveness.

Insofar as the U.S. rebalancing encompasses non-military dimensions such as foreign economic policy, Japan views the American embrace of the TPP as both a strategic opportunity and a difficult challenge. Japan formally entered the TPP negotiations in March 2013, with Prime Minister Abe declaring that “the TPP is turning the Pacific Ocean into an inland sea and a huge economic zone.”³⁵ For the Japanese government, the TPP will provide helpful external pressure to overcome domestic resistance to internal reforms necessary to revitalize Japan's economy. However, if the TPP negotiations are not handled well, the Japanese government could face a debilitating domestic political backlash, with damage to its agricultural sector set to be substantial.

South Korea: The U.S. alliance with South Korea has been a constant feature of American foreign policy in Asia since the Korean War, illustrating the longstanding U.S. commitment to stability in the Asia-Pacific. While South Korea's relations with Washington have often fluctuated, the economic and military modernization of China and Beijing's support and protection of Pyongyang as it carried out provocations including attacks on South Korea has seen Seoul move closer toward the United States in recent years.

South Korea has therefore welcomed the U.S. rebalancing, which has helped to reassure Seoul that the United

³⁴ Japanese officials have welcomed the rebalance in part because of China's assertive policies on its rim, and in particular, China's actions in defending its sovereignty claims in the East China and South China Seas. Japanese Prime Minister Shinzo Abe was quite explicit when stating, in late 2012, that, “with the increasing severity of the security environment in East Asia, the importance of the Japan-US alliance is increasing.” Shinzo Abe, Comments at the East Asia Summit, Phnomh Penh, Cambodia, November 20, 2012.

³⁵ Reiji Yoshida, “Abe Declares Japan Will Join the TPP Free-Trade Process,” *Japan Times*, March 16, 2013.

States' commitment to regional stability is enduring. In May 2013, South Korean President Park Geun-hye argued that "the Korea-U.S. alliance...could reinforce President Obama's strategy of rebalancing toward the Asia-Pacific."³⁶ The rebalance builds on renewed ties under President Obama beginning with the "Joint Vision for the Alliance" signed in 2009, which outlined closer military and economic relations, and precipitated the conclusion of the U.S.-South Korea Free-Trade Agreement, which entered into force in March 2012.

Saber-rattling by the North Korean regime in 2013 has helped legitimate the Obama administration's rebalancing policy and reinforced U.S.-South Korea ties. President Obama has tried to reassure South Korean leaders that "the United States is fully prepared and capable of defending ourselves and our allies with the full range of capabilities available."³⁷ Washington has demonstrated its commitment to Northeast Asian security in the face of threats from Pyongyang, with increased military exercises, part of a joint show of force with Seoul. North Korea's actions have also undermined Chinese accusations that the rebalance is aimed entirely at China. However, reduced troop levels on the Korean Peninsula in recent years, as part of U.S. plans to redistribute its force posture across the Asia-Pacific, and concerns over U.S. fiscal constraints, have raised concerns in Seoul over the long-term viability of U.S. security commitments.

Ongoing friction between South Korea and Washington's other key ally, Japan, has frustrated U.S. efforts to forge a coherent security policy in Northeast Asia. The two countries continue to clash over the disputed Dokdo/Takeshima islands in the Sea of Japan, while rising nationalism in both countries threatens trilateral cooperation with the United States.³⁸ The U.S.-ROK 123 Agreement, dealing with South Korea's desire to reprocess its nuclear waste, has also put the U.S. and South Korean governments at odds.

Taiwan: Chinese and American leaders have agreed with Taiwan President Ma Ying-jeou's reversal beginning in 2008 of Taipei's past intense competition with China in favor of policy reassuring Beijing. In their view, the past five years of stability and growing exchanges across the Taiwan Strait stand in favorable contrast with repeated crises in the previous decade. Today, Taiwan remains an exception to the turmoil along China's eastern rim in the Korean Peninsula and the East China Sea and the South China Sea. Neither Beijing nor Washington nor Taipei sees their interests served by new tensions in cross-strait relations.

Against this background, the U.S. rebalance has generally avoided explicit reference to Taiwan. President Ma told former U.S. National Security Adviser James Jones in June 2012 that "Taiwan not only welcomes this [rebalancing] development, but also desires to further strengthen its interaction with the United States on the economic, trade, security and cultural fronts."³⁹ But Taiwan has not strongly associated with the rebalance. Meanwhile, because Taiwan has the same claims as China to disputed territories in the East China Sea and the South China Sea, it has adopted sometimes confrontational policies toward Japan and South China Sea disputants that exacerbate tensions and work against U.S. efforts to calm regional tensions.⁴⁰

36 President Park Geun-Hye, Republic of Korea, Speech to Joint Session of U.S. Congress, May 8, 2013.

37 The White House, "Remarks by President Obama and President Park of South Korea in a Joint Press Conference," Washington, D.C., May 7, 2013.

38 Mike Mochizuki argues that the elements behind the ongoing Japan-South Korea rivalry and emerging nationalism in both these countries are rooted in history: "[Japanese Prime Minister Shinzo] Abe thinks that Japan should have a future oriented relationship with South Korea...But because [South Korea was a] victim of Japanese colonization or aggression, [it] feels that Japan needs to come to terms with its historical past. And during the 1990s, Japanese officials, leaders, diplomats, thought it was very important for Japan to move forward on the process of reconciliation. But the problem is that under Mr. Abe, he has some questions about the apologies that Japan issued during the 1990s. And there is a concern in South Korea and in China that Mr. Abe wants to retreat from those apologies...For Mr. Abe, he is the grandson of Mr. Nobusuke Kishi, who was minister of munitions in the Tojo cabinet during World War II, was a suspected class A war criminal and then in 1957 became prime minister. And, therefore, when he's asked in parliament about Japanese aggression, he has a difficult time saying in a straight forward manner that Japan was an aggressor. Ms. Park, the president of South Korea, she's constrained because her father was in a sense a Japanophile, had graduated from a Japanese military academy; he was someone that wanted to normalize relations with Japan, despite intense domestic opposition in South Korea. And so Ms. Park is vulnerable to attacks within her own country that she might be too soft on Japan. And so, therefore, when Mr. Abe or his colleagues in government make provocative statements about the past, then Ms. Park has no choice but then to come down hard on the Japanese." Australia Network, Interview with Mike Mochizuki, "Territorial Disputes in North Asia Fuel Unresolved Issues," May 30, 2013.

39 "President Ma Meets Former United States National Security Advisor General James Jones," Office of the President, Republic of Taiwan, June 22, 2012.

40 Alexander Chieh-Cheng Huang, "Taiwan in an Asian 'Game of Thrones,'" Asia Policy, No. 15, (January 2013) p. 18-20.

Southeast Asia, South Asia, and Asia-Pacific Responses

Australia and New Zealand: The reactions of Australia and New Zealand are typical of many Asia-Pacific countries that are intent to strike a balance between relations with commercially vital China and the strategically important United States. China is Australia's largest trading partner, accounting for a large proportion of its iron, coal, and base metal exports.⁴¹ In 2013, China became New Zealand's largest export market for the first time. At the same time, the United States remains a key security partner for both countries, providing a counterweight to rapidly growing Chinese power. As a result, Australia and New Zealand have publicly welcomed the increased U.S. focus in the Asia-Pacific and pledged their support for it – most notably through the new rotational deployment of U.S. marines to Darwin, Australia. Australian Member of Parliament and now Prime Minister Kevin Rudd stated that “the Obama administration's renewed focus on the strategic significance of Asia has been entirely appropriate,” reflecting increasing regional concerns over China's strategic intentions.⁴²

In keeping with efforts to maintain positive relations with Beijing, the Australian government has been careful to frame the significance of a more integrated U.S.-Australia military partnership. Australia's May 2013 Defense white paper explicitly stated that Australia “does not approach China as an adversary,” and that Australia's “policy is aimed at encouraging China's peaceful rise and ensuring that strategic competition in the region does not lead to conflict.”⁴³ In 2012, then Prime Minister Julia Gillard outlined plans to reduce the country's defense budget by AUS \$5.4 billion (about US \$5.2 billion), easing rising fears in Beijing over Australia's strategic intentions. However, the move raised concerns in Washington and among Australia's defense industry of the country's ongoing ability to support the U.S. rebalancing strategy. Meanwhile, following the ousting, in June 2013, of Prime Minister Gillard by long-time rival Kevin Rudd, the Australian General Election, to be held in September 2013, will pit Rudd against the leader of the Liberal Party, Tony Abbott. While Gillard's premiership was seen as primarily China-focused, both Abbott and Rudd are likely to align Australia's foreign policy closer to the United States than Rudd's predecessor.

A public rapprochement between the United States and New Zealand in September 2012 led Washington to grant Wellington's ships access to U.S. bases for the first time in 26 years, building on improved relations beginning with New Zealand troop deployments in Afghanistan starting in 2001. China's leaders appear to be untroubled by a more integrated military relationship between New Zealand and the United States, given the diminutive stature of Wellington's forces.

The Philippines: The government of the Philippines has publicly welcomed the U.S. rebalance in light of the perceived threat from China and its ongoing island disputes with that country in the South China Sea. As President Benigno Aquino has said, the United States and the Philippines have a “shared history [and] shared values, and that's why America is just one of two that we have strategic partnerships with [alongside Japan].”⁴⁴ Following increased Chinese assertiveness in the South China Sea, especially over the past year, the Philippines has sought to “internationalize” its sovereignty disputes in a bid to counter coercive pressure from Beijing. This has involved thus far unsuccessful efforts to get ASEAN to take a position against Chinese

41 As a report by the Center for Strategic and International Studies notes, a fairly vigorous debate has emerged in Australia over the logic of deepening the country's alliance with the United States as it becomes further intertwined – if not partially reliant – with China economically. In general, the country saw the moves to accommodate the U.S. rebalance as a positive move intended to stabilize the South Pacific. Nevertheless, former leader of the opposition Malcolm Turnbull reflected Australian concerns when he stated, shortly after the announcement of the U.S. marine deployment to Darwin that, “an Australian government needs to be careful not to allow a doe-eyed fascination with the leader of the free world to distract from the reality that our national interest is truly – and not just rhetorically – to maintain both an ally in Washington and a good friend in Beijing, which is after all our most important trading partner.” Such a move has been typical of regional responses which have sought to balance their countries' relations with the United States and China. Graeme Dobell, “Australia-East Asia/U.S. Relations: Rebooting the Alliance,” *Comparative Connections*, Vol. 14, No. 2, September 2012.

42 Rudd, Kevin, “Beyond the Pivot: A New Road Map for U.S.-Chinese Relations,” *Foreign Affairs*, Vol. 92, No. 2, (March/April 2013), p. 9.

43 Australian Government, Department of Defence, “Defence White Paper 2013: Defending Australia and its National Interests,” May 2013, p. 11.

44 The White House, “Remarks Following a Meeting With President Benigno Aquino III of the Philippines and an Exchange With Reporters,” Washington, D.C., June 8, 2012.

expansion.⁴⁵ The Philippines has invited the United States to stand up for its interests in maritime security and international law and Washington has generally supported Manila, with President Obama stating that “we are trying to make sure that we have a strong set of international norms and rules governing maritime disputes in the region.”⁴⁶ However, the Aquino government has been disappointed by Washington’s refusal to take sides in the disputes. In particular, the Obama administration has looked to temper impulsive actions by the Philippine government in light of the volatile confrontation, in 2012, between China and the Philippines over the disputed Scarborough Shoal, which threatened a military escalation.

The Philippines has paid a price for its public opposition to Chinese claims and intimidation. Beijing has followed through with threats that “bilateral ties, including the trade relationship, will surely be affected”⁴⁷ as Manila continues to challenge Chinese interests. Bilateral trade between China and the Philippines reached \$30 billion in 2011, making it a key economic partner. However, in response to escalating maritime tensions, Beijing placed travel suspensions and trade barriers on Filipino exports, hitting the Philippines’ fragile economy. With an increasingly nationalistic public urging the country to stand up to China, Manila appears ready to accept financial and diplomatic losses in a likely protracted dispute with China over claims in the South China Sea.

Vietnam: Since the normalization of diplomatic relations between the United States and Vietnam in July 1995, the two countries have significantly expanded ties in trade and military cooperation. Bilateral trade has increased ten-fold since the normalization of trade relations in 2001, with Washington now serving as Vietnam’s largest trading partner. Military cooperation has grown substantially, with joint exercises and information-sharing increasingly common. Growing Chinese assertiveness in the South China Sea in recent years has concerned both Vietnam and the United States, with Hanoi “internationalizing” its sovereignty disputes with China by appealing to U.S. interests in freedom of navigation and maritime security. Against this background, U.S. Secretary of State Clinton stated in July 2010, that “the Obama Administration is prepared to take the U.S.-Vietnam relationship to the next level... as part of a strategy aimed at enhancing American engagement in the Asia Pacific.”⁴⁸

Nevertheless, China remains a key export market for Vietnam and essential to its economic development. Moreover, China’s military power and its proximity to Vietnam mean that Hanoi has to maintain relations with both powers simultaneously, despite privately encouraging American regional participation in view of China’s growing presence. As Vietnam’s Minister of Defense Gen. Phung Quang Thanh stated in June 2012, “Vietnam would like to have fine relations with... the major powers of the world. [But] we all know that China is a close neighboring country of Vietnam. China is a comprehensive and a strategic partnership [sic] of Vietnam.”⁴⁹ Moreover, Vietnam’s authoritarian Communist government continues to be wary of U.S. efforts to campaign for human rights. Conservative elements within Vietnam have criticized renewed U.S.-Vietnamese defense cooperation. Washington is keen to negotiate with Vietnam to permit its warships access to Vietnamese ports, as part of a strategy to more widely distribute its Asia-Pacific force posture, but thus far Hanoi has resisted.

Singapore: Singapore has long welcomed U.S. presence in the Asia-Pacific as a hedge to local regional powers, particularly so in light of China’s recent economic and military modernization. Accordingly, it has publicly embraced the increased U.S. emphasis in the region. As Singapore’s Prime Minister Lee Hsien Loong recently stated, “We fundamentally think it’s good that America is interested in Asia and in the Asia-Pacific region and that their presence since the Second World War has been a tremendous benign influence. It’s generated peace,

45 However, following the transfer of the rotating presidency of ASEAN from Cambodia to Brunei in 2013, ASEAN has begun to appear more willing to put on a united front in efforts to get China to address issues relating to the South China Sea. In particular, following high-profile in-fighting within ASEAN in 2012, many members are looking to establish a long-awaited Code of Conduct for maritime conduct in the South China Sea. In April 2013, international media reported that ASEAN had scheduled a meeting to accelerate a Code of Conduct. The Philippine Daily Inquirer reported, following the ASEAN Summit, held June 30-July 2, 2013, that Chinese overreach in ASEAN has “strengthened ASEAN’s resolve” to confront China on South China Sea issues. Philippine Daily Inquirer, “ASEAN Appears More United on South China Sea Issues,” July 6, 2013.

46 The White House, “Remarks Following a Meeting With President Benigno Aquino III of the Philippines and an Exchange With Reporters,” Washington, D.C., June 8, 2012.

47 Li Jiabao, “China-Philippines Trade May Be Affected – Experts,” *China Daily*, May 14, 2012.

48 U.S. Department of State, “Secretary of State Hillary Rodham Clinton Remarks With Vietnam Deputy Prime Minister And Foreign Minister Pham Gia Khiem,” Hanoi, Vietnam, July 22, 2010.

49 U.S. Department of Defense, “Joint Press Briefing with Secretary Panetta and Vietnamese Minister of Defense Gen. Phung Quang Thanh from Hanoi, Vietnam,” Hanoi, Vietnam, June 4, 2012.

stability, predictability and enabled all the countries to prosper.”⁵⁰ Singapore has so far played a key role in the Obama administration’s execution of the military aspect of the rebalance: Singapore welcomed the first of four Littoral Combat Ships to its ports in April 2013, as part of Washington’s ambition for a more robust naval presence in the Asia-Pacific.

Singapore’s success in becoming a global trade and financial hub has been built on a commitment to economic liberalism and foreign policy pragmatism, so it is not surprising that Singapore has been a key proponent of the TPP. As Singapore’s Senior Minister of State for Trade and Industry Lee Yi Shyan stated, “regional economic integration at the government level is vital, as it provides the platform for more open trade and investments.”

Still, Singapore is careful to balance its relations with the United States with those of other partners, most notably China. As its proportion of trade with the United States has declined and economic integration with China and Asia has developed, this has become even more important. In any case, Singapore has traditionally remained neutral and alliance-free, emphasizing its primary desire for regional stability to promote economic success.

Thailand: Thailand is a longstanding U.S. treaty ally. It annually hosts a large scale U.S.-Thai military exercise, including participants from other Asian states, called *Cobra Gold*. The 2013 exercise involved three U.S. warships and 13,000 participants, including contingents from Japan, South Korea, Indonesia, Singapore, and Malaysia. The Bush administration elevated Thailand’s status to that of a major non-NATO ally. The Obama administration has announced a joint vision statement with Thailand, and President Obama visited Bangkok in 2012.

At the same time, Thailand fosters close ties with China. Bangkok has been designated as ASEAN’s liaison with China. The two countries have strong economic ties, and Thailand is central to China’s efforts to build roads, railways, power lines, and other means to integrate mainland Southeast Asia with China’s growing economy. Thailand came to rely on China for its security following the U.S. retreat from mainland Southeast Asia in 1975.

In sum, Thailand welcomes closer ties with the United States but not if they come at the expense of its strong relations with China. The U.S. rebalance has led this U.S. ally to straddle the fence, avoiding a tilt to one side or the other.

Indonesia: The Obama administration has continued the strong efforts by the Bush administration to foster closer ties with Southeast Asia’s largest country and the world’s largest Muslim country. The U.S. rebalance reinforces U.S. security and economic assistance in recent years that has been welcomed by Jakarta. President Obama is personally popular in the country, given his years living there as a youth.

At the same time, Jakarta has developed closer relations with China in recent years, following decades of conflict. In 1965, Indonesia experienced a leftist assassination of Army generals and a counter-coup by General Suharto and Army allies. Mass killings throughout the country destroyed the China-backed Indonesian Communist Party, theretofore the world’s largest non-ruling Communist Party. Communists and ethnic Chinese were main targets of the assaults. In the end, with over half a million people killed and many thousands imprisoned, General Suharto emerged as Indonesia’s leader and deeply suspicious of China. The Suharto regime eventually normalized relations with China in the early 1990s and subsequently collapsed as a result of the 1998 Asian economic crisis.

The more recent, democratic rulers of Indonesia have seen their interests best served by closer economic, political and even some military ties with China. They see little gain in tilting closer to the United States, even with the rebalance, preferring to straddle the fence and stay on good terms with both the United States and China.

Burma: Heavily influenced by Beijing’s policies in the past, Burma’s authoritarian regime had icy relations with the United States for decades. However, since U.S. Secretary of State Hillary Clinton’s momentous visit to Burma in November 2011, U.S.-Burma ties have developed remarkably. The country has opened itself up to foreign investment and started on a path to democracy, culminating in May 2013 in Burmese President Thein Sein’s historic visit to Washington D.C. Thein Sein has stated his “commitment to continue cooperation to strengthen our bilateral relations in the years to come,”⁵¹ although he has not gone as far as explicitly embracing the Obama administration’s rebalancing policy. Even so, the public reconciliation between the United States and Burma has

50 “Singapore Prime Minister Lee Hsien-Loong On CNN,” CNN Interview With Fareed Zakaria, February 6, 2012.

51 The White House, “Remarks By President Obama and President Thein Sein of Burma After Bilateral Meeting,” Rangoon, Burma, November 19, 2012.

been a notable success for the Obama administration.

Burma's rapprochement with the United States has concerned and surprised China. In May 2011, only months before the U.S. rebalance was launched, Burma signed a "Comprehensive Strategic Partnership" with China. However, decades of Chinese influence in Burma's affairs had seen anti-Chinese sentiment slowly build, as Burma began to perceive itself as a pawn in Beijing's calculations. Burma remains strategically significant for China, with key oil, gas, and natural resources flowing from Rangoon to Beijing. China's *Global Times* accused Washington of "undermining the [Chinese] wall in Myanmar," illustrating China's frustrations.⁵² In recent months, Beijing has sought to reengage Burma, for example by successfully mediating in talks between the Burmese government and regional separatists.

Burma's reform process is still in flux. The Burmese government has continued to be criticized by American human rights groups. Its intimate relationship with China has existed for decades, meaning that it is unlikely to turn entirely towards the United States and away from China. Even so, it appears that Burma's leaders have recalibrated their strategic position and taken several steps closer to the United States.

India: India generally welcomed Washington's renewed focus on Asia following the rebalance. However, in common with many of China's neighbors, Delhi has been cautious to publicly embrace the new initiative. Privately, Indian officials are understood to have encouraged greater U.S. commitment to the Asia-Pacific in the context of growing Chinese assertiveness in the region. Nevertheless, they remain wary of provoking Beijing, particularly in light of the widening Sino-India gap in defense capabilities and the two countries' ongoing border disputes. China is also India's largest trading partner and an engine for growth. Moreover, India's historical aversion to alliance-building has led its political establishment to avoid entering into any comprehensive strategic partnership thus far, despite U.S. Secretary of Defense Leon Panetta's description of India as a "linchpin" of the rebalance.⁵³

At the same time, Delhi's stance is subject to modification. Unambiguous Chinese assertiveness on the India-China border or in neighboring countries could lead Delhi to align itself more closely with the U.S., building on a decade of improved ties.⁵⁴ Indian officials remain sensitive to domestic political charges of bowing to American interests. However, the continuing distrust of China and the potential emergence of a China-centric Asia as a growing threat could push India to play a more prominent role in supporting the U.S. rebalance.

52 According to the article, the United States, "by loosening its economic sanctions on Myanmar and increasing assistance... is pressuring the Myanmar government to reform its current political system, speed up the process of democratization, and grant the opposition party more freedom and rights." Zhou Fangyin, "Short-Term Success Won't Prove Enough to Achieve U.S. Aims in Asia-Pacific," *Global Times*, February 6, 2013.

53 U.S. Department of Defense, "Panetta Says U.S.-India Relations Must Deepen, Grow for Peace," New Delhi, India, June 6, 2012.

54 Recently, tensions on the India-China border have begun to increase. In April 2013, reports emerged that Chinese soldiers had crossed the border into Indian territory, although China's foreign ministry denied the accusations. In July, international media reported that India intends to deploy 50,000 extra troops to the India-China border, in a move which signaled India's mounting concern over what it sees as Chinese provocation.

CRITIQUES AND REBUTTALS: THE U.S. POLICY DEBATE

There has been some debate in U.S. scholarly and analytic circles, the news media, Congress, and among interest groups regarding the Obama administration's rebalancing initiatives. Most of the debate has involved specialists who criticize or support the policies for various reasons. Thus far, the debate appears to have resulted in little change in U.S. policy, though some of the issues presented appear to have been taken into account by the Obama administration as it adjusts its approach.

"The rebalance will provoke a backlash from China."

Some U.S. foreign policy specialists worry that the rebalance will prompt China to react negatively, leading to a downward spiral in relations and greater confrontation with a danger of conflict, including possibly military conflict. A few experts argue that Washington has exaggerated recent Chinese assertiveness and reacted in strong ways that are likely to prompt even stronger Chinese measures. They warn of a U.S.-China "action-reaction" dynamic that could destabilize the Asia-Pacific region.⁵⁵

Other specialists disagree. They argue that American firmness is needed in the face of China's assertiveness regarding territorial disputes, its employment of coercive measures in foreign affairs, its use of military power, and its allegedly egregious cyber-espionage and theft of intellectual property.

The danger of a downward spiral in relations has been at least temporarily reduced with the moderation in Chinese views in the run-up to the presidential summit in June 2013. Whether this will be lasting is uncertain.

"The rebalance is unaffordable and unsustainable."

Some analysts argue that the rebalance is unrealistic because plans to restructure U.S. military deployments in Asia will run up against unavoidable budget constraints. As many governments in Asia monitor Washington's ability to sustain its costly military structure in the region, a critical issue in the debate over the Obama rebalancing initiatives is whether long-term procurement trends will support a level of investment spending in new weapons systems and other requirements sufficient to back planned naval and other force levels in the Pacific and elsewhere. For example, there is considerable concern that long-term Navy budgets will not sustain a Navy of 313 ships, as called for in recent plans; the U.S. Navy now has about 280 ships. The ongoing sequestration process entails significant and precipitous reductions in military end-strength, and operational and training funds, as well as delays in investments. The cuts in spending are particularly disruptive to defense planning. Even if future cuts are more rationally allocated, additional reductions might well entail further decline in the size of U.S. military forces.

Meanwhile, it remains uncertain whether the choices reflected in the Obama administration's January 2012 "Strategic Guidance" review will, in themselves, be fully sufficient to reconcile global commitments and resources. Even without further cuts in the size of the Navy, for instance, a critical issue raised by analysts is whether planned force levels are sufficient to sustain projected commitments both to the Asia-Pacific theater and to the Middle East/Persian Gulf, particularly if regional crises require a surge of force into either region.

⁵⁵ Most prominent among this view is Robert Ross. Ross argues that China's more assertive actions between 2009 and 2010 were not a symbol of Beijing's growing confidence in its power and capabilities, but instead a symptom of the leadership's deep insecurities – Beijing moved to support a more hostile stance in foreign affairs in order to entrench Communist Party legitimacy by appeasing an increasingly nationalist public through "symbolic gestures of force." As a result, the United States has misread Beijing's ambitions. For Ross, the new U.S. policy "unnecessarily compounds Beijing's insecurities and will only feed China's aggressiveness, undermine regional stability, and decrease the possibility of cooperation between Beijing and Washington." Ross argues that increasing U.S. military presence in the Asia-Pacific can only destabilize the U.S.-China relationship by undermining Chinese confidence in U.S. intentions. Robert Ross, "The Problem with the Pivot," *Foreign Affairs*, Vol. 91, No. 6, (November/December 2012), pp. 70-82.

Very similar kinds of capabilities may be required in each region, potentially including capabilities in assets such as long-range precision strikes as well as intelligence, surveillance, and reconnaissance systems.

The Obama administration continues to assert that it can maintain planned deployments in the Asia-Pacific. When President Obama addressed the Australian Parliament in November 2011, he was adamant in stating that “reductions in U.S. defense spending will not – I repeat, not – come at the expense of the Asia Pacific.”⁵⁶ In his June 2013 address at the IISS regional security conference in Singapore, Secretary of Defense Hagel was equally adamant about the prospects for the rebalance: “I can assure you that ... the United States will continue to implement the rebalance and prioritize our posture, activities and investments in Asia-Pacific. We are already taking many tangible actions in support of that commitment.”⁵⁷

Significantly, the rebalance – and a strong U.S. defense posture – enjoy bipartisan support in the U.S. Congress, which is not the case in many other domestic and foreign policy areas. This also supports the scenario for successful implementation of the military elements of the rebalance.

“President Obama’s commitment to Asia is thin.”

Some analysts in Washington have privately suggested that President Obama and his close associates are not particularly committed to the Asia-Pacific. For one thing, the rebalance is said to have been a tactic not a strategic change; it has been a useful political tool to show the American people and international audiences strong evidence of American international resolve at a time of retreat from Iraq and Afghanistan. The president and his aides may have judged that initiatives like the rebalance were desirable, but budget realities and more pressing concerns at home and abroad are said to be sapping and will continue to undermine the administration’s commitment to the stated goals of the government’s rebalancing policy.

Moreover, the administration’s lack of expertise on Asian issues in its upper ranks looms large in the judgments of American skeptics. Well into the president’s second term, the administration still has no senior officials with a strong background on Asia or a deep commitment to the region. Secretary of State Kerry has devoted much of his first months in office to pressing issues in the Middle East and reassuring allies in Europe. In an April 2013 trip to Seoul, Secretary Kerry perhaps unwisely mentioned that this was his first visit to Korea (even though he had been a member of the Senate Foreign Relations Committee for over two decades).⁵⁸ Chairman of the Joint Chiefs of Staff Martin Dempsey took his first official trip to China in April 2013. Senior administration positions dealing with Asia remained vacant in both the State and Defense departments until very recently. Expertise on Asia in the U.S. Congress suffered serious setbacks with the departure of Richard Lugar and James Webb from the Senate Foreign Relations Committee.

To skeptics, U.S. domestic funding constraints and other pressing issues at home and abroad are likely to crowd out Asian issues on the president’s agenda, especially since he is not surrounded by energetic advocates of strong, sustained U.S. engagement with Asia.

56 The White House, “Remarks by President Obama to the Australian Parliament,” Canberra, Australia, November 17, 2011.

57 The Obama administration has been forced to defend the viability of the rebalance to both national and international media and scholarly analysis. In particular, Chinese analysis has often argued – shaped by its own perceptions of American decline and Chinese rise – that the United States will find it difficult to implement such an overarching strategy in the face of ongoing economic problems. For example, Chinese scholar Zhou Fangyin argued that, “whether the United States will achieve [its goals as part of the rebalance] depends on the long-term strength of competition between the two countries. If the United States cannot solve its own problems, its strategy will not be sustainable.” Zhou Fangyin, “Short-term success won’t prove enough to achieve US aims in Asia-Pacific,” *Global Times*, February 6, 2013. Following the sequestration in March 2013, these suspicions have only intensified.

58 Moreover, in his confirmation hearing at the U.S. Congress, Kerry appeared hesitant to offer his full backing to the rebalance: “I’m not convinced that increased military ramp-up is critical yet. I’m not convinced of that... We have a lot more bases out there than any other nation in the world, including China today. We have a lot more forces out there than any other nation in the world, including China today. And we’ve just augmented the president’s announcement in Australia with additional Marines. You know, the Chinese take a look at that and say, ‘What’s the United States doing? They trying to circle us? What’s going on?’ And so, you know, every action has its reaction.” John Kerry, Confirmation Hearing to the U.S. Senate, Washington, D.C., January 24, 2013.

The Obama administration would counter by pointing to its impressive, multi-year track record of engagement in the Asia-Pacific region and its energetic implementation of the multidimensional rebalance. President Obama insisted in his November 2011 address to the Australian parliament: “The United States is a Pacific power, and we are here to stay.”⁵⁹

59 The White House, “Remarks by President Obama to the Australian Parliament,” Canberra, Australia, November 17, 2011.

ASSESSMENTS, RECOMMENDATIONS, AND PROSPECTS

Given the rise of Asia, the U.S. rebalance toward Asia is a reasonable reflection of changing geostrategic realities; it makes strategic sense. The rebalance has more promise for advancing U.S. interests, especially economic interests, than U.S. policy efforts in most other parts of the world. The Obama administration is committed to the rebalance, and this is likely to continue through the end of the president's term in office. Given Asia's continuing importance in the first half of the 21st century, U.S. grand strategy is likely to continue focusing on the Asia-Pacific region after President Obama leaves office.

In the two years since the rebalance was initiated, the United States has retained overall favorable outlooks from countries in the Asia-Pacific region, suggesting that a continuing U.S. presence in the Asia-Pacific region is generally welcomed (See Table 4). Our analysis supports this observation. Nevertheless, U.S. leaders understand that they need to find the right balance between firmly deterring Chinese assertiveness over territorial disputes and other issues that disrupt regional stability, on the one hand, and avoiding a U.S.-China confrontation, on the other hand. By and large, regional governments in the Asia-Pacific region have expected the United States to exert a calming influence in dealing with regional tensions.

Partly in response to private suggestions by U.S. allies and partners in the region, the Obama administration redefined its rebalancing policy in late 2012. It began to place more emphasis on constructive economic and diplomatic initiatives, and it began to play down military measures that were particularly sensitive to China. At the EAS summit in November 2012 and other regional meetings, President Obama and his senior officials have adopted a more muted position regarding maritime security and related territorial disputes. Entering the president's second term, the Obama administration has focused on calming tensions, and it has avoided making statements that could be construed as taking sides with U.S. allies against China.

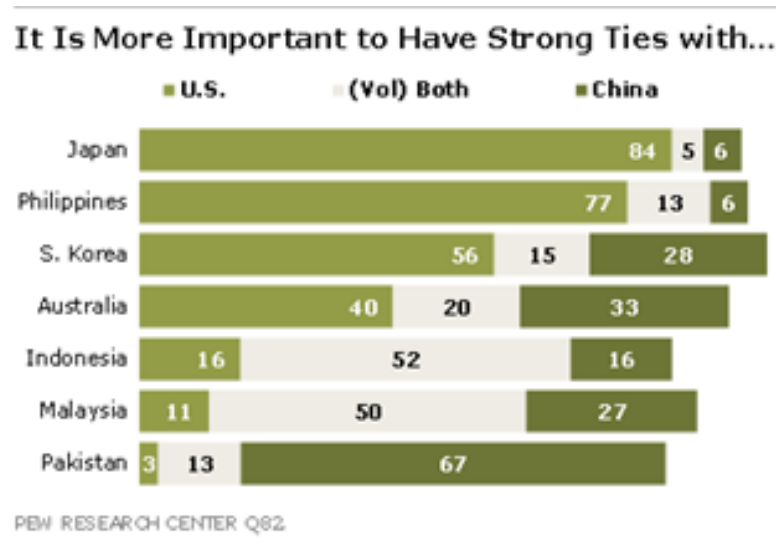
- The Obama administration's rebalance in the Asia-Pacific region is in line with broad and longstanding U.S. interests. Contrary to the skeptics noted above, the president and his advisers seem to be committed to the robust engagement in the Asia-Pacific. The main uncertainty to watch is whether or not the United States can support the costs of military plans involving the Asia-Pacific. Although the sequestration cuts are non-trivial, the Obama administration is making the rebalance a strategic priority, and it is likely to move ahead with successful implementation of its Asia-Pacific initiatives. The administration might not be able to do everything it would like to do under ideal circumstances, but a superpower can do a lot even when it is somewhat constrained. The arguments that the Obama administration is unwisely confronting China are countered by the U.S. government's efforts since late 2012 to direct the focus of the rebalance in ways that are less offensive to China and by the apparent U.S. success in 2013 in establishing closer, more constructive engagement at top political, economic, diplomatic, and military levels between the two governments.
- The Obama administration's shift away from publicly challenging China on sensitive maritime disputes reflects the desires of other regional powers to calm regional tensions. Most regional powers hope that the United States and China will be able to work together and engage at high levels to promote regional stability and order.

A strategic challenge for the Obama administration and its successors will therefore be finding the right balance between two competing sets of regional interests. On the one hand, many countries in the region want strategic reassurance from the United States, and they favor a robust, multidimensional U.S. presence in the region. On the other hand, a robust U.S. presence will be seen by many in Beijing as a U.S.-led containment strategy directed at China.

Most regional powers will continue to want good relations with both China and the United States, and this will entail a second set of balancing acts. Many regional governments not considered traditional U.S. allies nevertheless consider relations with the United States to be of great significance (See Table 3.) China will continue to be vitally important to many Asia-Pacific countries economically. The United States will continue to be important economically and as a provider of strategic reassurance. Over the longer term, governments in Japan and the

Philippines, and probably governments in Vietnam, Singapore, India, Indonesia, and elsewhere along China's rim will be looking to the United States for effective but non-confrontational ways to curb China's recent proclivity to use extra-legal measures to pressure and intimidate neighbors from pressing their claims to maritime areas claimed by China. The challenge for the United States is to provide strategic reassurance to allies, friends, and other regional powers without provoking a strategic backlash from China.

Table 3: The United States or China?



Thus far, the U.S. rebalance provides no clear way to curb Chinese assertiveness while avoiding increased U.S.-China friction that would also be unwelcome in the region and at odds with the U.S. interest in regional stability. Available evidence suggests that Chinese assertiveness comes at least in part from growing Chinese nationalist sentiment and growing military and other coercive capabilities that are now available to Chinese policymakers. These two variables and how they mix to shape Chinese policy are out of the direct control of the United States. They depend more on how the Chinese leadership sees its interests served with a more or less assertive Chinese stance. China therefore faces a delicate balancing act of its own: Beijing must maintain a robust rate of economic growth and it aspires to a greater role in Asia-Pacific affairs, but it must keep Chinese nationalism and Chinese regional actions from triggering an even stronger regional backlash.

Source: *Pew Research Center, Global Attitudes Project, 2013.*⁶⁰

The Asia-Pacific region is changing rapidly. In this dynamic context, the United States, China, and regional powers are all – simultaneously – engaged in balancing acts, often involving both domestic and external calculations, which will shape the prospects for stability in the Asia-Pacific region in the years ahead. However, U.S. interests in the Asia-Pacific are too important to be left to chance or the influence of factors not easily controlled by the United States. Thus, the path ahead requires effective U.S. initiatives toward China and effective U.S. initiatives toward the broader Asia-Pacific region.

Recommendations for U.S. Policy- Through constructive engagement with their Chinese counterparts, American leaders can demonstrate the long-term benefits Beijing would enjoy from a Chinese regional posture that eschews egregious pressure, intimidation, and zero-sum competition and embraces existing world norms that hold promise for uninterrupted Chinese development. President Obama's June 2013 summit with President Xi was a notable step forward in this direction. It reinforced existing channels of high-level American interaction with China over sensitive regional issues, notably the annual Strategic and Economic Dialogue which met most recently in the United States in July 2013. American engagement with Chinese counterparts should include invitations for Beijing to join the TPP and other regional and global groups influenced or led by the United States. The United States should advance a recent improvement in Sino-American military exchanges - still the weakest link in the array of over 90 dialogues used to manage tensions and develop common ground between the two powers.

At the same time, U.S. leaders may need to construct ways to show Chinese leaders the significant costs China will likely bear if it insists on using its greater coercive capabilities along narrowly nationalistic paths in order to

⁶⁰ Richard Wike and Bruce Stokes, "Who Is Up, Who Is Down: Global Views of China and the U.S.," Pew Research Center, Global Attitudes Project, July 2013.

have its way on regional territorial disputes.⁶¹ These costs may not be immediately apparent to Chinese leaders,⁶² and U.S. efforts to highlight them may be seen as threatening by prickly Chinese officials. Maintaining the right balance – avoiding appeasement or confrontation while seeking deterrence and constructive engagement – may be difficult to sustain.

A foundation for a successful U.S. approach to China rests on even closer U.S. cooperation with the other Asia-Pacific countries and regional organizations. Such cooperation involving increased trade and investment, diplomatic contacts, military exchanges, and other interactions would benefit the economies and the security interests of the regional governments and regional groups on the one hand, and the interests of the United States on the other. U.S. cooperation that focuses on the Asian countries and regional groups and avoids regional instability prompted by direct American challenges to China fits well with the policy priorities of most regional governments; the latter remain focused on enhancing their countries' economic development while preserving sovereignty and policy independence. Strengthening these regional actors would have an added benefit of increasing the prospects of those regional governments and organizations to deal with China without undue fear and in businesslike and constructive ways. Approaches to China by regional governments and multilateral groups seeking to curb recent episodes of disruptive assertiveness by China in regional affairs will reinforce the effectiveness of concurrent American approaches to China seeking businesslike and constructive relations and endeavoring to influence China to moderate recent contentious behavior.

61 Constructive engagement with China on these issues may be crucial to preserving stability in the Asia-Pacific region. At present, Beijing continues to be outspoken on the importance it attributes to defending its various sovereignty claims, forming a central part of Chinese foreign policy. As Chinese Vice Foreign Minister Zhang Zhijun stated, in late 2012, Beijing believes that, “only when China’s sovereignty, security and development interests are fully secured could China truly make steady progress along the path of peaceful development.” Ministry of Foreign Affairs of the PRC, “Stay committed to Peaceful Development and ‘win-win’ cooperation,” December 28, 2012; Unfortunately, this belief threatens to ignite a regional conflict which would almost inevitably draw in the United States. According to John Lewis and Litai Xue, China’s leaders argue that they understand the gravity of inviting conflict over their sovereignty claims – in particular over Taiwan – but they nevertheless “feel compelled towards an endgame that could ruin their fondest aspirations.” John Lewis and Litai Xue, “Imagined Enemies: China Prepares for Uncertain War,” Stanford University Press, 2006, p. 3.

62 Beijing has shown some awareness of the importance of restructuring its maritime bureaucracy so as to avoid an unwanted escalation involving one of its civilian agencies. In March 2013, President Xi Jinping opted to combine China’s four maritime agencies under the command of the National Oceanographic Administration in a move aimed at providing greater central oversight. However, as Sun Yun, a researcher at the Brookings Institution advocates, Beijing must improve coordination between all government actors involved in maritime security, including the military, the foreign ministry and lower tiers of government. The United States should take steps to encourage Beijing to rectify current bureaucratic deficiencies which pose a serious threat to regional stability. David Lague, “Under Xi, China Seeks to Cool Island Row With Japan,” Reuters, March 17, 2013.

Appendices

I. Chronology

II. Suggestions for Further Reading

III. Regional Responses

China's Response to the U.S. Rebalance

Japan's Response to the U.S. Rebalance

India's Response to the U.S. Rebalance

IV. Biographies of the Authors

CHRONOLOGY

Clinton Administration

June 1993: The “New Pacific Community Initiative” is announced by the Clinton administration, elevating the importance of the Asia-Pacific Economic Cooperation (APEC). The initiative also places U.S.-Japan relations at the center of U.S. interests in the region.

July 1995 - March 1996: Beijing suspends relations with Taiwan. China then stages a series of military exercises in the vicinity of the Taiwan Strait.

July 11, 1995: President Bill Clinton announces the “normalization of diplomatic relations” with Vietnam.

April 12, 1996: U.S. Ambassador to Japan Walter Mondale and Japanese Prime Minister Ryutaro Hashimoto conclude an agreement to relocate Marine Corps Air Station (MCAS) Futenma, Japan to Okinawa, Japan. The proposal involves the projected relocation of more than 8,000 U.S. Marines to Guam. However, the controversial plan stalls under political opposition in Japan.

April 17, 1996: President Clinton signs a Joint Declaration on security with Japan, seen as a reaction to China’s assertiveness over Taiwan.

May 7, 1999: NATO bombs the Chinese embassy in Belgrade in an incident that severely strains U.S.-China relations. President Clinton later apologizes for the attack, stating that it was accidental.

November 16, 1999: The Clinton Administration agrees to support China’s bid to join the World Trade Organization (WTO), in exchange for the lifting of trade barriers for foreign companies operating in China. China joins the WTO on December 11, 2001.

March 12-15, 2000: President Bill Clinton makes a landmark visit to India, becoming the first U.S. President to visit the country in 22 years.

July 13, 2000: Vietnam and the United States sign the U.S.-Vietnam Bilateral Trade Agreement. The agreement enters into force on December 10, 2001.

Bush Administration

April 1, 2001: A U.S. EP-3 reconnaissance plane collides with a Chinese PLA Navy F-8 fighter plane in the South China Sea, resulting in the death of a Chinese pilot.

September 19, 2001: The United States and Indonesia pledge a new era of bilateral cooperation based on shared values and a common interest in promoting regional stability.

January 1, 2002: President George W. Bush formally extends “permanent normal trading relations” to China.

May 6, 2003: Singaporean Prime Minister Goh Chok Tong and President Bush sign the U.S.-Singapore Free-Trade Agreement. The FTA enters into force the following January.

May 19, 2003: President Bush designates Philippines as a major non-NATO ally, as part of an effort to develop greater security and counter-terrorism cooperation.

December 30, 2003: President Bush designates Thailand a major non-NATO ally of the United States.

August 3, 2004: The Bush Administration concludes the U.S.-Australia Free-Trade Agreement. The FTA enters into force on January 1, 2005.

June 28, 2005: The Bush administration signs a ten-year defense cooperation agreement with India as the two countries establish a new “global partnership,” marking a strategic rapprochement between the United States and India.

July 18, 2005: Brunei, Chile, Singapore, and New Zealand sign the Trans-Pacific Strategic Economic Partnership Agreement (P4). The agreement enters into force on May 1, 2006. The P4 is later superseded by the Trans-Pacific Partnership (TPP) in 2008.

September 21, 2005: In a speech in New York, U.S. Deputy Secretary of State Robert Zoellick calls for China to become a “responsible stakeholder” in the international system.

April 7, 2007: South Korea concludes the world’s largest bilateral free-trade agreement with the United States. The FTA does not enter into force until March 15, 2012.

June 25, 2008: Vietnamese Prime Minister Nguyen Tan Dung and President Bush release a Joint Statement. The United States declares its respect for the territorial integrity of Vietnam and its opposition to the use of force to overthrow the Hanoi government.

September 22, 2008: President Bush notifies Congress of his intention for the United States to begin negotiations with existing and prospective members of the TPP.

December 18, 2008: Beijing confirms it will send a naval deployment to the Gulf of Aden to fight piracy. The move represents the first ever Chinese PLA Navy dispatch overseas for an operational mission.

Obama Administration

February 15-22, 2009: U.S. Secretary of State Hillary Clinton travels to Asia, visiting Japan, Indonesia, South Korea, and China. The trip is her first visit abroad since taking office in January 2009.

March 8, 2009: Chinese vessels harass the USNS Impeccable as it conducts routine surveillance in the South China Sea, amid a series of provocations by Chinese ships in the region.

June 16, 2009: Washington and Seoul agree the “Joint Vision for the Alliance,” reaffirming the U.S.-Korea defense treaty and signaling the beginning of improved relations and closer defense ties.

July 22, 2009: The United States accedes to the Treaty of Amity and Cooperation in Southeast Asia (TAC) in a move which signals the beginning of deepened U.S. cooperation in regional organizations in the Asia-Pacific. The treaty was initially conceived by ASEAN members in 1976 to promote peace and cooperation in the region. Signing the agreement, U.S. Secretary of State Hillary Clinton proclaims that “the U.S. is back in Southeast Asia.”

November 12-22, 2009: President Barack Obama embarks on a 10-day tour of Japan, Singapore, China, and South Korea, his first visit to Asia as President. The White House states that the trip aims to “strengthen U.S. leadership and economic competitiveness in the region, renew old alliances, [and] forge new partnerships.”

November 17, 2009: The United States and China release a Joint Statement which calls for both sides to “respect each other’s core interests.” The statement also emphasizes the importance of increased dialogue and cooperation to reduce mistrust between the two countries. China and the United States later reaffirm their commitment to the 2009 statement in January 2011.

January 27, 2010: President Obama announces his “National Export Initiative” which targets export markets in emerging economies. Four of the ten markets identified in the 2011 National Export Strategy are in the Asia-Pacific.

July 22, 2010: On a trip to Hanoi, U.S. Secretary of State Hillary Clinton remarks that “the Obama Administration is prepared to take the U.S.-Vietnam relationship to the next level.... We see this relationship not only as important on its own merits, but as part of a strategy aimed at enhancing American engagement in the Asia Pacific and in particular Southeast Asia.” The announcement is an early indication of the “pivot” or “rebalance” crystallized in November 2011.

September 8, 2010: Japan detains a Chinese fishing captain whose trawler collides with Japanese patrol boats operating near the disputed Senkaku/Diaoyu Islands. Beijing suspends ministerial dialogue with Tokyo before Japan backs down and releases the captain.

October 30, 2010: Secretary Clinton proposes trilateral talks between the U.S., Japan and China over the disputed Senkaku/Diaoyu Islands. Washington declares neutrality in the territorial dispute but affirms U.S. interests in maintaining freedom of navigation and international custom in contested waters. China dismisses the offer, stating that sovereignty disputes should be resolved bilaterally between the countries involved.

November 4, 2010: New Zealand and the United States sign “The Wellington Declaration,” establishing a broad new framework for strategic cooperation.

November 9, 2010: Indonesia and the United States agree a new “Comprehensive Partnership” that covers cooperation in areas including trade, investment, and military relations.

June 4, 2011: U.S. Secretary of Defense Robert Gates announces plans to deploy four new Littoral Combat Ships (LCS) to Singapore, with deployment to begin in April 2013. These ships will provide greater access and opportunities for U.S. forces to integrate with partner militaries.

September 20, 2011: U.S. Deputy Assistant Secretary of Defense Robert Scher and Vietnam's Deputy Defense Minister Nguyen Chi Vinh sign a Memorandum of Understanding for "advancing bilateral defense cooperation." The agreement pledges to expand cooperation in areas such as maritime security and disaster response.

November 2011: U.S. Secretary of State Hillary Clinton declares the 21st century to be "America's Pacific Century" in an article in *Foreign Policy* magazine. In the article, Secretary Clinton states that the United States "stands at a pivot point," and must "lock in a substantially increased investment...in the Asia-Pacific region" over the next decade. The article marks the administration's first public statement on the rebalance, with analysts in Washington quick to seize on the term "pivot" to describe the U.S. initiative.

November – December 2011: U.S. Secretary of State Hillary Clinton travels to Hawaii, the Philippines, Thailand, Indonesia, South Korea, and Burma on a marathon tour.

November 12, 2011: President Obama and Secretary Clinton publicly push the TPP at the Asia-Pacific Economic Cooperation Forum (APEC) Leaders Summit in Honolulu, Hawaii. At the summit, the leaders issue a statement categorizing the TPP as a "comprehensive...agreement that liberalizes trade and investment and addresses new and traditional trade issues and 21st century challenges."

November 16, 2011: President Obama announces a new rotational deployment of 200–250 U.S. Marines to Darwin, Australia. Beginning in April 2012, the deployment is to gradually expand to a force of approximately 2,500 by 2020. In a press conference with Australia Prime Minister Julia Gillard to confirm the proposal, the President publicly states his intention to focus greater attention on the Asia-Pacific: "I am making it clear that the United States is stepping up its commitment to the entire Asia-Pacific."

November 16, 2011: U.S. Secretary of State Hillary Clinton reaffirms America's security treaty with the Philippines on the 60th anniversary of the treaty's inception.

November 19, 2011: President Obama becomes the first American head of state to attend the East Asia Summit (EAS). The summit, held in Bali, Indonesia, was also notable for the participation of Russia for the first time.

December 1–2, 2011: Hillary Clinton becomes the first U.S. Secretary of State to visit Burma in over half a century. Secretary Clinton meets with President Thein Sein and Nobel Peace Prize Laureate Aung San Suu Kyi.

January 2012: The U.S. Department of Defense releases a white paper entitled, "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense," which outlines an increase in U.S. naval forces operating in the Asia-Pacific by 2020, new deployments in Australia and Singapore, and the Pentagon's new "Air-Sea Battle Concept."

April 26, 2012: The Department of Defense announces its intention to deploy four Marine Air Ground Task Forces across the Pacific, at bases located in Japan, Guam, Hawaii and Australia. Approximately 9,000 U.S. Marines stationed in Okinawa, Japan, will be relocated to U.S. bases in Hawaii and Guam. The agreement also plans the development of joint-training ranges in Guam for American and Japanese forces.

June 2, 2012: Secretary of Defense Leon Panetta defends U.S. policy in a speech to defense officials at the IISS Asia Security Summit "Shangri-La Dialogue" in Singapore. In keeping with the administration's new terminology beginning in early 2012, Secretary Panetta depicts the shift as a "rebalancing" of U.S. forces to Asia aimed at increased cooperation with the region, including with China. Secretary Panetta later travels to India and Vietnam to discuss renewed strategic cooperation with the two countries.

June 14, 2012: The United States and South Korea hold their first ever Foreign and Defense Ministers meeting, with the two countries outlining a roadmap for the alliance. "The Strategic Alliance 2015" plan, transfers wartime control of operations (OPCON) to the ROK Joint Chiefs of Staff and reiterates the U.S. commitment to maintaining troop levels in the country.

July 2012: U.S. Secretary of State Hillary Clinton embarks on another tour of Asia. Clinton travels to Japan, Mongolia, Vietnam, Laos, and Cambodia. In Cambodia, Secretary Clinton participates in the ASEAN Regional Forum, the EAS Foreign Ministers Meeting, and the U.S.-ASEAN Business Forum, as well as conducting meetings with Cambodian officials.

July 11, 2012: The Obama Administration lifts a number of economic sanctions on Myanmar including the relaxing of restrictions on financial services and investments in Burma, opening up the country to U.S. investment for the first time since 1988. However, sanctions on U.S. imports from Burma remain in place.

July 13, 2012: Representatives at the ASEAN Foreign Ministers Meeting, held in Cambodia, fail to issue a joint statement for the first time in the organization's history. The Philippines accuse China of attempting to block discussion of sovereignty

disputes in the South China Sea. Reports indicate that China places pressure on Cambodia to remove references to the dispute from the planned communiqué.

September 15-23, 2011: U.S. Secretary of Defense Leon Panetta travels to Japan, China, and New Zealand to meet with defense counterparts and discuss the military aspects of the rebalance.

September 18, 2012: U.S. and Chinese defense officials announce China's participation in the 2014 Rim of the Pacific Exercise (RIMPAC), a sign of increasingly integrated defense ties between the United States and China.

September 23, 2012: U.S. Secretary of Defense Leon Panetta announces the end of a 26-year ban on New Zealand ships docking at U.S. bases. A ban on nuclear-armed or nuclear powered American ships entering New Zealand ports remains in place.

November 2012: U.S. Secretary of Defense Panetta travels to Australia, accompanied by Secretary Clinton, to Thailand, and then to Cambodia to participate in the ASEAN Defense Ministers Meeting.

November 17-20, 2012: President Obama and U.S. Secretary of State Clinton visit Thailand, Burma, and Cambodia. President Obama becomes the first-ever sitting U.S. head of state to visit Burma as the country begins a process of democratization and reform.

November 19, 2012: Chinese Premier Wen Jiabao pledges China's support to the Regional Comprehensive Economic Partnership (RCEP). The free-trade agreement, seen as a rival to the TPP, aims to bring together members of ASEAN and six other countries, excluding the United States.

November 20, 2012: The Philippines issues a formal complaint against Cambodia at the East Asia Summit, accusing the host of attempting to stifle discussion on South China Sea issues.

December 1, 2012: The U.S. Congress reaffirms that Japan's administration of the disputed Senkaku/Diaoyu Islands falls within the scope of the U.S.-Japan Security Treaty.

December 31, 2012: U.S. Secretary of Defense Leon Panetta releases an article entitled, "America's Pacific Rebalance." Secretary Panetta argues that "the global center of gravity is slowly shifting toward the Asia Pacific, tying America's future prosperity and security ever more closely with the region."

January 24, 2013: In his confirmation hearing to the U.S. Senate, Secretary of State Nominee John Kerry declares his skepticism for the rebalance, stating: "I'm not convinced that increased military build-up is critical." He is particularly wary of the rebalance's potential impact on Sino-U.S. relations, arguing that "every action has a reaction."

February 4, 2013: China hosts peace talks between the Burmese government and regional separatists. Beijing plays a lead role in mediating the talks.

February 27, 2013: U.S. Assistant Secretary of Defense for Asia-Pacific Affairs Mark Lippert underscores the administration's commitment to the rebalance. "The rebalance is a priority and we'll work to see that continue," Lippert says, ahead of impending cuts to the budget, known as "Sequestration," which take effect four days later.

March 1, 2013: Automatic budget cuts mandated by U.S. Congress, or "Sequestration," come into effect, potentially threatening the viability of programs initiated as part of the "rebalance."

March 15, 2013: Japan formally announces its intention to enter the TPP trade talks.

March 26-28, 2013: China, Japan, and South Korea restart talks aimed at concluding a trilateral free-trade agreement.

April 8, 2013: U.S. Deputy Secretary of Defense Ashton Carter reaffirms the viability of the rebalance in a speech in Washington, D.C., in light of the sequestration package. Deputy Secretary Carter states that "[the Department of Defense] has the resources to accomplish the rebalance. The rebalance will continue and in fact gain momentum."

April 12, 2013: The Obama Administration announces that it is prepared to support Japan's entry into the TPP, subject to agreement from the other TPP partners.

April 15, 2013: Chinese PLA forces breach the Line of Actual Control (LAC) on the Sino-Indian border in Ladakh, setting up a position 18km in Indian territory. The provocation sparks concerns of a renewed conflict over the disputed border, over which China and India fought a bitter war in 1962.

April 16, 2013: Beijing releases a white paper entitled, "The Diversified Employment of China's Armed Forces." The White Paper alleges that "some country has strengthened its Asia-Pacific military alliances, expanded its military presence in the region, and frequently makes the situation there tenser," in a thinly-veiled rebuke of U.S. policies.

April 18, 2013: The first Littoral Combat Ship (LSC) arrives in Singapore following the announcement of the new rotational deployment by the U.S. Department of Defense. USS Freedom begins its eight-month deployment in Southeast Asia, arriving at Changi Naval Base from San Diego.

April 18, 2013: China cancels a trilateral summit with Japan and South Korea, scheduled for the following month, reportedly as a result of its ongoing island dispute with Japan.

April 22, 2013: U.S. Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey defends the “rebalance” in a press conference at the Chinese Ministry of National Defense. Gen. Dempsey contends that the United States seeks “to be a stabilizing influence in the region.”

April 26, 2013: China’s Foreign Ministry (MFA) officially declares the Senkaku/Diaoyu Islands a “core interest.” The term, previously reserved only for its national sovereign interests – Taiwan, Tibet, and Xinjiang – is significant. Beijing’s stance on its “core interests” is traditionally considered uncompromising, retaining the right to use force if necessary to ensure their protection.

May 6, 2013: In its Annual Report to Congress on China, the U.S. Department of Defense directly accuses the Chinese military and government of cyber “intrusions” on U.S. government and computer systems around the world.

May 29- June 1, 2013: U.S. Secretary of Defense Chuck Hagel travels to Hawaii, and then to Singapore, where he speaks at the Shangri-La Dialogue. The visit is his first to the Asia-Pacific region as Secretary of Defense.

June 7-8, 2013: Presidents Barack Obama and Xi Jinping hold an informal summit in California.

July 10-11, 2013: The fifth round of the U.S.-China Strategic and Economic Dialogue is held in Washington, D.C. U.S. Treasury Secretary Jacob J. Lew and U.S. Secretary of State John Kerry are joined by China’s Vice Premier Wang Yang and State Councilor Yang Jiechi, along with members of the Chinese delegation and their U.S. colleagues.

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China's Response to the U.S. Rebalance

Timothy J. A. Adamson¹

Overview

China has reacted at two levels to the Obama administration's rebalancing of U.S.-Asia relations. At the official level, Chinese government officials and official media have leveled measured criticism of the new U.S. policy, especially its military aspects, reflecting its preference for pragmatism in its relations with the United States. Official sources have also criticized U.S. diplomatic activism that has been seen in Beijing as U.S. support for American allies and associates that have maritime and territorial disputes with China. In China's burgeoning non-official media, criticism of the rebalance and the United States has been more intense and even vociferous. Some commentators have alleged that the United States is engaged in a conspiracy to develop a Cold War-style "containment" of China.

While China's official rhetoric has been characterized largely by restraint, Beijing actions are increasingly influenced by a rising nationalist civil society which calls for a more assertive foreign policy and has greater freedom to pursue provocative policies which inflame regional tensions. However, China's new leadership under Xi Jinping – which, in its infancy was expected to remain weak and divided – has "demonstrated a unique ability to achieve its political objectives."² With Xi seemingly in charge of a more coherent Chinese approach to foreign policy, a moderate reduction in regional tensions may ensue.

Official Responses

China's official response to the new U.S. policy has been largely measured and restrained, illustrating the elevated importance Beijing continues to place in the Sino-U.S. relationship as a vehicle for global stability. Official rhetoric has generally expressed China's insistence that the two countries can work together to strengthen stability in the region. China's foreign ministry has taken care to highlight Beijing's respect for a constructive U.S. presence in the region, and its interests therein, as part of its stated aspiration for regional stability and cooperation. Nonetheless, repeated but considered criticism has been directed at the military elements of the rebalance. Beijing has urged the U.S. to "abandon [its] zero-sum game" and discard "the Cold War mentality" in light of U.S. alliance-building and more integrated military partnerships,³ which it argues threatens regional stability. In a thinly-veiled rebuke of U.S. policy, China's April 2013 defense white paper stated that, "some country has strengthened its Asia-Pacific military alliances, expanded its military presence in the region, and frequently makes the situation there tenser."⁴

However, Chinese officials have begun to react positively to Washington's efforts, from late 2012, to downplay the military significance of the rebalance. The United States has invested significant capital in underscoring the importance of the diplomatic elements of the rebalance as part of its effort to create more robust stability in the region. The Obama administration has been careful to refute any notion that the rebalance is aimed at undercutting China's development, arguing that "increased U.S. involvement in [the Asia-Pacific] region will benefit China as it advances our shared security and prosperity for the future."⁵ In response to Chinese concerns over Washington's role in regional sovereignty disputes, the Obama administration also took care to reassure Beijing. At the EAS, held in November 2012, Chinese officials welcomed President Obama's message, which appeared deliberately

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- 1 This essay is based upon the author's M.A. thesis, entitled, "China's response to the U.S. Asia-Pacific "Rebalance" and its Implications for Sino-U.S. Relations." (May 2013, Elliott School of International Affairs, The George Washington University).
 - 2 Peter Mattis argues that President Xi's unexpectedly astute leadership thus far "has probably changed the landscape of Chinese politics, systematically strengthening his position while weakening others." This means that Xi's administration may be better equipped than its predecessor, under Hu Jintao, to direct a steady line and maneuver in foreign and domestic policy "between the two extremes of rhetoric." Peter Mattis, "Appraising Xi Jinping's Politicking," *China Brief*, Vol. 13, No. 14, July 12, 2013.
 - 3 "China Urges Politicians to Discard Cold War Mentality," Xinhua, September 29, 2011.
 - 4 "The Diversified Employment of the China's Armed Forces," Ministry of National Defense, Peoples Republic of China, April 16, 2013.
 - 5 "Speech at the Shangri La Security Dialogue by Secretary of Defense Leon Panetta," U.S. Department of Defense, June 2, 2012.

calibrated to avoid emboldening U.S. allies who are party to regional maritime disputes.

These efforts by the U.S. government led to a greater moderation in Chinese assessments in the first half of 2013. This was evidenced by the positive atmosphere that emanated in the run-up to and at the informal summit between President Obama and President Xi, in June 2013. China's ambassador to the United States stated in May that the Obama administration over the past year had been making "a serious effort" in explaining to China why the rebalance should not be seen as directed against China. Veteran Chinese foreign policy officials told visiting Americans in May 2013 that there were "no fundamental, structural, or irreconcilable differences" between the two countries.⁶

In the heated sovereignty disputes in the East China and South China Seas, Beijing has accused the United States of sensationalizing divisive issues and fomenting regional conflicts with the goal of hindering China's rise. Increasing Chinese nationalist sentiment and growing Chinese maritime capabilities have led to calls for a more confrontational approach to China's sovereignty disputes, reflected in what American scholar Bonnie Glaser described as "evidence of a top leadership decision to escalate China's coercive diplomacy" in nearby seas.⁷ This has seen tensions rise with Japan, the Philippines, Vietnam, and others, and pushed China's neighbors toward the United States.

China has also resisted Washington's efforts to promote regional integration even as Beijing's official rhetoric welcomed the prospect of initiatives aimed at promoting regional stability. For example, increased U.S. attention to ASEAN has not been censured publicly. However, Beijing's visible attempts to divide the organization as it sought to address regional sovereignty disputes reflected its ongoing preference to deal with sovereignty questions in a bilateral setting, where it can greater exert its significant power to achieve its ambitions. China's refusal to engage the United States and ASEAN over its sovereignty disputes restricts Washington from establishing a norm in which sovereignty disputes are resolved in a multilateral setting. Similarly, China's official response to the launch of the TPP was one of caution, emphasizing its "open attitude towards all cooperative initiatives conducive to the economic integration and common prosperity in the Asia-Pacific."⁸ Instead, Beijing reacted by promoting the RCEP which, not bound by the strict provisions likely to govern the TPP, is likely to provide a direct challenge to U.S. attempts to establish a rules-based economic order in Asia.

Demonstrating its power, Beijing has looked to exert its economic leverage on claimants, such as the Philippines, which have sought American diplomatic assistance in resolving their sovereignty disputes with China in the South China Sea. At this time, China enacted regulations to significantly restrict Sino-Philippine trade and issued stark warnings of the dire consequences of continued provocation. In relations with key partners, however, Beijing has been careful to ensure tensions do not spiral. With Japan, a key economic partner, Beijing has worked to prevent economic ties from being seriously threatened.⁹ In effect, China's leaders have adopted a two-track policy in an attempt to satisfy the expectations of its increasingly nationalist civil society while maintaining robust economic growth and overall stability on its periphery. Beijing understands it can allow tensions to rise with its neighbors so long as these remain at a relatively low level. For most states in the Asia-Pacific, trade and investment links with China constitute an essential element of their livelihoods, with most unwilling to jeopardize these ties by siding with the United States.¹⁰ In short, China appears to be putting off a negotiated resolution to allow it to make incremental gains via unilateral actions that enhance its position in the disputes.¹¹

6 Remarks by senior Chinese foreign policy officials, International Symposium on China's Development Strategy and China-U.S. Relations, China Center for Contemporary World Studies, Beijing May 28, 2013 (attended by Robert Sutter).

7 Bonnie Glaser, "Beijing As An Emerging Power in the South China Sea," Statement Before the House Foreign Affairs Committee, September 12, 2012.

8 "China Holds an Open Attitude to Trans-Pacific Partnership Pact: Official," *Xinhua*, November 15, 2011.

9 This was illustrated by China's decision, in March 2013, to restart negotiations for a long anticipated trilateral free trade agreement with Japan and South Korea, even as diplomatic tensions between China and Japan had escalated over the disputed Senkaku/Diaoyu Islands. However, as abruptly as they had started, trilateral talks on a free-trade agreement involving the three countries were halted by President Xi in May 2013. The about-turn signified the deteriorating security environment now present in the East China Sea.

10 "U.S. Rebalance: Potential and Limits in South East Asia," International Institute for Strategic Studies, *Strategic Comments*, Vol. 18, No. 49, December 2012.

11 Ronald O'Rourke, "Maritime Territorial and Exclusive Economic Zone (EEZ) Disputes Involving China: Issues for Congress," Congressional Research Service, Jul 5, 2013, Summary.

Washington's ongoing interests in freedom of navigation and international maritime law continue to be challenged by China's rapidly expanding civilian maritime forces that, replete with nationalist vigor, have harassed foreign ships in international waters and heightened the possibility of armed escalation between China and its neighbors. Poor management of maritime agencies has allowed actors, often with nationalistic outlooks, to advance their agendas beyond top-level control. Local governments frequently fail to notify or deliberately avoid consulting the central government on sensitive issues. For example, a law passed by the Hainan provincial government authorized Chinese Coast Guards to board foreign ships in waters claimed by China as their own. No central government approval is understood to have been sought.¹² Domestic actors with often limited foreign policy experience are also now pursuing their own interests by expanding their economic activities in disputed areas as part of "their single-minded focus on economic growth."¹³ This includes unilateral actions taken, for example, by local tourism agencies in contested areas.

In recent months, however, evidence of a top-tier decision to greater coordinate China's maritime policies has at least been visible. Firstly, the new administration announced a decision to combine four agencies under the command of the National Oceanographic Administration. This move will create a unified coast-guard under a coordinated bureaucracy.¹⁴ Beijing has also agreed to begin negotiations with ASEAN on a Code of Conduct for maritime policy in the South China Sea, although a codified agreement still appears to be a way off. Perhaps most significantly, the new administration delivered a clear message to its maritime bureaucracy at all levels: China's actions are peaceful and its maritime policy must reflect that notion. Nevertheless, the directive stated that China must still respond assertively to any provocations that challenge its sovereignty interests.¹⁵ This directive appears to have contributed to a more harmonized and less cavalier approach to its maritime policy that has been reflected in a moderate reduction in atmospheric tension.

Unofficial Responses

Unofficial reactions in China have leveled vocal criticism against increased U.S. presence in the Asia-Pacific region. In an attempt to legitimate the Chinese Communist Party's ambitions in the eyes of the Chinese people, Beijing has promoted nationalism among its citizens and increasingly countenances hard-line, realist views of international politics among the media and civil society.¹⁶

With greater freedom to present their views in the public domain, China's civil society has called for a more forceful Chinese foreign policy and intensified an atmosphere of distrust in the region. The nation's media has been routinely critical of the United States and its allies' actions and contends that Washington is actively seeking to scupper China's "historic mission." The media has vociferously defended the legality of the nation's sovereignty claims and promulgated greater Chinese assertiveness in foreign affairs, while U.S. diplomatic and economic initiatives have also faced withering criticism.¹⁷ The TPP, for example, has been portrayed as a deliberate

12 According to a report by Linda Jakobson, an unnamed Ministry of Foreign Affairs official confirmed in an interview that no government approval was pursued by the Hainan provincial government. Jakobson asserts that "the senior leadership was caught unaware by [a] decision taken at a lower level." Linda Jakobson, "China's Foreign Policy Dilemma," Lowy Institute for International Policy, February 5, 2013.

13 The *International Crisis Group* report, however, also implies that Beijing does not necessarily object to certain actions taken by its tourism agencies in the South China Sea. Reports that Beijing twice granted permission to tourism agencies to conduct activities on the disputed Spratly/Paracel islands suggests that it sees tourism as a relatively low-key and gradual way to assert sovereignty. International Crisis Group, "Stirring Up the South China Sea (1)," Asia Report No. 223, April 23, 2012, pp. 24-25.

14 According to Lyle Morris, "The new measures should enhance the overall efficiency of the maritime law enforcement agencies by reducing redundancy, improving response time, strengthening communications and bolstering overall command and control mechanisms. The plan might even help strengthen China's ability at controlling escalation, should deliberate incidents occur at sea, by consolidating bureaucratic control." Lyle Morris, "Taming the Five Dragons? China Consolidates its Maritime Law Enforcement Agencies," *China Brief*, Vol. 13, No. 7, March 28, 2013.

15 Ian Storey, "The South China Sea Dispute (Part 2): Friction to Remain the Status Quo," *China Brief*, Vol. 13, No. 13, June 21, 2013.

16 Emphasizing the importance of achieving the "rejuvenation" of the Chinese people by righting the wrongs of China's "century of humiliation," CCP leaders have created a distinct narrative for their rule. Defining its actions as the collective will of the Chinese people, the Party has evoked images of China's glorious past and portrayed external powers as imperialist aggressors. Accordingly, popular nationalism has become ever more prominent as technology and information has become progressively available.

17 Nationalist newspapers such as the *Global Times*, in particular, serve as a sounding board for government views but have more freedom to espouse populist notions which shape public opinion.

attempt to promote economic gains at the expense of China. In this view, the United States fears being usurped economically by China and is seeking ways to obstruct China's economic growth. Military and foreign policy analysts are also being afforded greater freedom to voice their opposition in the public domain. Increasingly, they propagate a forceful Chinese approach to international affairs and criticize China's rivals. Even moderate Chinese scholar Wu Xinbo asserted that President Obama's policies had left "a legacy of growing mutual suspicion and rising competition."¹⁸

This criticism was, however, tempered by U.S. efforts to accentuate the importance of the rebalance's economic and diplomatic initiatives at the expense of its military aspects. Perhaps in recognition of the increasingly hostile security environment emerging in the East China and South China Seas, President Xi is also understood to have directed Chinese scholars to adopt a more moderate tone in commentaries. This was reflected in Xi's decision to drop hawkish officer General Luo Yuan from the government's leading military advisory body,¹⁹ and in more moderate commentary from traditionally hard-line academics.

Prospects

China remains unconvinced and deeply skeptical of the rebalance. However, Beijing has been somewhat eased by Washington's attempts to provide reassurances over U.S. intentions and its emphasis on the diplomatic, rather than the military, elements of the new policy. Nevertheless, China's growing nationalist societal undercurrents – whose views are increasingly tolerated and influential in Beijing – are pushing for a more robust Chinese response to both the U.S. rebalance and to regional affairs.

An emotional atmosphere continues to pervade China's relations with its neighbors. Most notably, Sino-Japanese relations have significantly deteriorated in recent months. Following high-profile anti-Japanese protests that took place across China in 2012, and the escalation of coercion in the South China Sea by the Chinese leadership, diplomatic tensions have continued to slide. Japanese Prime Minister Shinzo Abe warned, in April 2013, that if there is "an intrusion into [Japan's] territory...we will deal with it strongly," as a number of Chinese government ships and Japanese fishing boats were seen near the disputed Senkaku/Diaoyu Islands.²⁰ In effect, sovereignty claims in the South China Sea have become a nationalist issue for all claimants. Each government, from Beijing to Tokyo to Manila, faces domestic pressure to defend their positions. Regional leaders are aware that compromise can significantly affect their credibility. As a result, they are increasingly constrained when dealing with international crises.²¹

If China is to maintain its phenomenal growth and continue its path of "peaceful development," significant reforms are necessary within the CCP and across China's political, social, and economic spectrums. President Xi has stressed the urgency of reforms to address issues of corruption, inefficiency, and mismanagement – recognizing these issues as threats to the viability of Communist rule. President Xi's recent efforts to establish a more coherent maritime foreign policy have been welcomed by experts and have been a stabilizing factor in 2013. However, China's maritime outlook remains fundamentally unchanged, maintaining its steadfast determination to uphold its sovereignty claims even as it proclaims its peaceful intentions to its neighbors.²²

The new leadership should also grasp the opportunity to embrace a more conciliatory policy towards the United States. Managing tensions between the world's two largest powers is essential to maintaining a global relationship

18 Wu noted that Chinese perceptions view the rebalance as a direct challenge to China's rise and a changing balance of power in global affairs that will ultimately favor China. Wu Xinbo, "Beijing's Wish list: A Wiser China Policy in President Obama's Second Term," Brookings Institution, December 2012.

19 David Lague, "Under Xi, China Seeks to Cool Island Row with Japan," Reuters, March 17, 2013.

20 The BBC reported up to eight Chinese government ships and ten Japanese fishing boats. The increase in Chinese ships near the islands was, according to China's State Oceanographic Administration, to confront several Japanese vessels carrying Japanese activists near the islands. "Japan PM Abe Warns China of Force Over Islands Landing," BBC News, April 23, 2013.

21 Linda Jakobson and Dean Knox, "New Foreign Policy Actors in China," SIPRI, Policy Paper 26, September 2010, p. vii.

22 Ian Storey notes that, "Over the past six months, Beijing has tried to reassure neighboring countries of China's peaceful rise, but also its determination to uphold its territorial and jurisdictional claims in the maritime domain. While China views these two positions as being in harmony, countries across the Asia-Pacific region are dismayed at the apparent contradiction between them." Ian Storey, "The South China Sea Dispute (Part 2): Friction to Remain the Status Quo," *China Brief*, Vol. 13, No. 13, June 21, 2013.

that is likely to define the 21st century. Increasingly, this relationship is marked by deepening structural divisions.²³ Fortunately, stability in its relations with the United States and with China's regional partners still forms the core of Beijing's overarching foreign policy. A conflict on its periphery would pose enormous challenges which could overwhelm the CCP and lead to internal implosion. President Xi has shown an unexpectedly canny ability early in his tenure to maneuver skillfully between the various factions in China's government. Nevertheless, managing regional tensions while catering to its nationalist factions, who now provide a significant source of legitimacy, looks to be a complex balancing act. But with China's foreign policy likely to continue to evolve, the long-term future of U.S.-China relations and the stability of the Asia-Pacific remain uncertain.

23 American scholar David Shambaugh argues that the structural tensions existing between the United States and China are growing and increasingly threaten the stability of the international order. Shambaugh states that a "divergence rather than a convergence of interests, approaches, and policies increasingly characterize the [U.S.-China] relationship." Despite a web of institutions having been established by both sides to manage this vital relationship, the United States and China "seem subliminally locked in a titanic struggle over competing visions of a world order." However, as Shambaugh argues, the devastating consequences of a U.S.-China conflict mean failure is not an option for either side. David Shambaugh, *Tangled Titans: The United States and China*, (Rowman and Littlefield, 2012), pp. 21-22.

Japan's Response to the U.S. Rebalance

Mike M. Mochizuki

The Japanese government and mainstream foreign policy community have generally welcomed the U.S. rebalance because it demonstrates that the United States at least has the intention of maintaining and even enhancing its military presence in Asia in the context of a rising China. At the same time, however, Japanese officials and experts are concerned that fiscal problems will prevent Washington from fully implementing this new policy and that, as a global power, the United States might once again focus its attention on other regions such as the Middle East.

Defense Planning

Japanese leaders recognize that Washington will expect greater contributions from Asia-Pacific allies like Japan to promote common security interests. In response to this expectation, the government of Shinzo Abe is increasing Japan's defense expenditures after a decade-long spending freeze, preparing to reinterpret the constitution to enable Japan to exercise the right of collective self-defense, and considering a revision of the U.S.-Japan defense cooperation guidelines.

Japanese defense planners are concerned that China's military modernization and "Anti-Access/Area Denial (A2/AD)" doctrine could threaten U.S. naval ships approaching the first island chain and prevent U.S. forces from protecting Japanese interests in the East China Sea. They are intrigued by the U.S. Joint Operational Access Concept – also known as the Air-Sea Battle concept – as a way of countering China's A2/AD doctrine and are exploring what role Japan's Self-Defense Forces might play in this U.S. effort. One possibility under consideration is for Japan to deploy defense units equipped with surface-to-ship missiles that could restrict the passage of Chinese ships from the East China Sea to the Pacific Ocean during a high-intensity military contingency.

Given its own fiscal constraints as well as the resilience of pacifist sentiments, Japan is unlikely to strengthen its own defense capabilities in order to preserve the military predominance that the U.S.-Japan alliance had heretofore enjoyed with respect to China in the Asia-Pacific region.

Island Disputes

Recent Japan-China tensions over the Senkaku/Diaoyu Islands have tested one purported objective of the U.S. rebalance: shaping the rules and norms of the region so that disagreements are resolved peacefully without threats or coercion.

After Japan's central government purchased three of the Senkaku Islands in September 2012, Chinese Marine Surveillance and State Oceanic Administration vessels have repeatedly entered the territorial waters of these islands and have conducted regular patrols in the contiguous waters. Despite this pressure, Japan has steadfastly refused to recognize the existence of a territorial dispute with China. U.S. statements by cabinet-level officials that the United States opposes unilateral actions that weaken Japan's administrative control over the Senkakus have reassured Japan. To enhance deterrence and respond to a possible seizure of any of the southwest islands, Japan's defense forces have started to engage in unprecedented amphibious exercises with U.S. Marine and naval units.

The Okinawa Issue

The Okinawa base issue continues to be the Achilles heel of the U.S.-Japan alliance. After the Obama administration vigorously opposed revising the Okinawa base realignment plan during the Hatoyama Cabinet, the Japanese government has re-confirmed its commitment to building a new Marine Air Station on the shore of Henoko Bay

as the pre-condition for closing down the dangerous Futenma Air Station, which is located in a densely populated area of Okinawa. The Abe cabinet is exerting immense pressure on the Okinawan prefectural government to approve the Henoko plan, but local opposition remains fierce.¹

If the new air station in Henoko is not built, then the United States could renege on its 1996 promise to return Futenma. Some analysts believe that the planned departure of 8,000 U.S. Marines to Guam as well as anxiety about Chinese assertiveness regarding the Senkakus might temper some of the Okinawan anger. But another major incident or accident involving U.S. forces in Okinawa is likely to provoke a new round of anti-base mobilization. In the long term, the U.S. Marine deployments to Australia on a rotational basis could serve as a model for reducing the permanent Marine presence in Okinawa without constructing a new Marine air station on the island prefecture if Japan and the United States were to enhance joint training, planning, and operations.

Regional Considerations

Since the U.S. rebalance also entails expanding U.S. military activities in Southeast Asian countries and Australia, the Japanese government is considering ways to facilitate capacity-building in these areas. For example, Japan could export advanced non-nuclear submarine technology to Australia. It could also provide the Philippines with modern coast guard vessels.

North Korean saber rattling has created a strategic impetus for the United States, Japan, and South Korea to strengthen their trilateral security cooperation. Unfortunately, frictions regarding historical memory and the Takeshima/Dokdo island dispute have complicated Japan-South Korea relations. Prime Minister Abe's "revisionist" views on history could cause Seoul to join Beijing in criticizing Japanese moves to reinterpret or revise the postwar constitution.² Moreover, Japanese discussions of acquiring the capability to attack North Korean missile sites could further arouse South Korean suspicions of Japan's long-term strategic intentions.

Economic Initiatives

The U.S. rebalance encompasses economic efforts as well. The Japanese view the American embrace of the TPP as both a strategic opportunity and a difficult challenge. On the one hand, the TPP provides helpful external pressure to overcome domestic resistance to internal reforms necessary to revitalize Japan's economy. But on the other hand, if the TPP negotiations are not handled well, the Japanese government could face a debilitating domestic political backlash. Liberalization and reform of the agricultural sector continues to be politically problematic for Japan.

Although the TPP as currently constituted does not include China, Japan continues to see China as critical to regional economic integration despite the recent deterioration in Sino-Japanese political relations. China remains a critical export market and investment destination for Japanese firms. Therefore, Japan is following a multi-track regional free-trade policy. While deciding to join the TPP, Japan has also commenced negotiations for a trilateral free-trade agreement with China and South Korea as well as negotiations for the RCEP, which includes China but not the United States. Japanese trade officials would like to use the TPP as leverage in their negotiations with China regarding both the Japan-China-South Korea FTA and RCEP.

1 For a more detailed analysis of this issue, see: Emma Chanlett-Avery, Ian E. Rinehart, "The U.S. Military Presence in Okinawa and the Futenma Controversy," Congressional Research Service, August 3, 2012.

2 See: Australia Network, Interview with Mike Mochizuki, "Territorial Disputes in North Asia Fuel Unresolved Issues," May 30, 2013.

India's Response to the U.S. Rebalance

Deepa M. Ollapally

Most Indians have welcomed the renewed attention to Asia by the United States. The worst possible outcome for New Delhi is the emergence of a China-centric Asia, something that many Indian government officials and policy analysts worry will be the case if the United States vacates the region. There is broad agreement in India that a strengthening of the U.S. presence in the region will generally support India's interests and aspirations. Yet, when it comes to actually embracing the U.S. rebalance, India has been cautious – to the consternation of many Americans. India's stand is driven by its aversion to provoking China, its attachment to strategic autonomy, and doubts about the extent of the U.S. commitment to India.

Two developments could change New Delhi's caution: unambiguous Chinese assertiveness on the India-China border or in India's neighboring countries; or clear a shift in the political balance of power in New Delhi toward the internationally-oriented "realists" and away from the domestically-focused "nationalists." The picture is mixed on the first issue, but India-China border tensions have escalated in 2013. Results of the national elections set for 2014 will be a barometer on India's internal debate.

Positive Views of the Rebalance in India

Editorials in several major Indian newspapers have viewed the rebalance favorably:

- According to *The Times of India*, "The American push for an open and inclusive definition of the Asia-Pacific community converges with Indian interests. If East Asia is where the action is, then Indian diplomacy needs to focus here and make New Delhi a significant player in the region."¹
- Citing China's rise, the *Indian Express* said, "Delhi ought to wake up to this new world order and utilize the opportunities thrown up to dynamically involve itself in shaping the new Asian security order."²
- *Hindustan Times* urged India "to look over the horizon..." and engage in "even greater strategic commitment, deeper thought and coordination among countries like the U.S., India and other Asian countries..."³

Within India's influential strategic community, realists have recognized that the U.S. rebalance to Asia presents a geopolitical opportunity for India. A widely respected analyst, C. Raja Mohan, believes that the rebalance could compel China "to be more reasonable toward India as China begins to focus on the U.S. military challenge from the east." In addition, the Sino-Indian gap in defense capabilities is widening in Beijing's favor. Mohan argues: "India thus cannot merely rely on internal balancing to cope with China's rise; rather, the U.S. and its Asian allies must be central to any Indian strategy of external balancing."

Realists close to the Indian government prefer to express their views privately. The former ambassador to the United Nations, T.P. Sreenivasan, was quoted as saying: "We don't want to be identified with U.S. policy in Asia, even if we secretly like it."

India's Balancing Act

While not stated explicitly, India's optimum policy is to have better bilateral relations with the United States and China than they have with each other. This requires a delicate balancing act.

India's ambassador to the United States, Nirupama Rao, is among the few officials who have made statements on the U.S. rebalance. Lecturing at Brown University in February 2013, Rao said: "We welcome the U.S. engagement in Asia of the Indo-Pacific It is a space that impacts our destinies, whose security and prosperity is vital to both of us, and where we have an increasing convergence of interests." Ambassador Rao then turned to China: "Many observers are tempted to view the India-U.S. engagement in this region, as directed at China. I do not believe that such a construct is valid or sustainable, given the significant overlapping interests that bind us in the

¹ "Eastward Ho," *The Times of India*, New Delhi, India, November 18, 2011.

² "Return to Oz," *The Indian Express*, New Delhi, India, November 18, 2011.

³ "The Message From Bali," *Hindustan Times*, New Delhi, India, November 20, 2011.

region and globally.... China is our largest neighbor.” The ambassador went on to endorse an Asian “Concert of Powers” including the United States that would require mutual accommodation between countries. She termed it “‘inclusive balancing’ where the U.S. simultaneously engages all the regional powers like China, India, Japan and Russia working to see a multipolar order.”

India has historically remained aloof from alliances, and its political and diplomatic establishments continue to be wary of entering into any comprehensive strategic partnership with the United States for two reasons: aversion to playing a “junior” role and conceding autonomy; and increasingly, the danger of being drawn into a conflict between the United States and China. U.S. Secretary of Defense Leon Panetta received a near-rebuke from Indian Defense Minister A.K. Antony when Panetta described India as a “linchpin” of America’s new Asian strategy during a visit to India in June 2012. Panetta said, “We will expand our military partnerships and our presence in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia. Defense cooperation with India is a linchpin in this strategy.”⁴ In response, the Indian Defense Minister cautioned that the multilateral security architecture in the Asia-Pacific has to be strengthened at a “pace comfortable to all countries concerned.”⁵ In fact, on the same day as Panetta’s overture, the Indian foreign minister was in China expressing India’s desire to expand bilateral strategic cooperation with Beijing.

Indian officials have privately expressed concern about the potential for greater militarization in the region, given the U.S. plan to deploy 60 percent of its naval assets in the Pacific by 2020. In August 2012, Indian Naval Chief Admiral Nirmal Kumar Verma delivered what the Indian press called a snub when he stated that Indian deployment in the Pacific and South China Sea was “not on the cards.”⁶

Even so, it has not been lost on India that in the 2012 U.S. defense guidance laying out the rebalance, India was the only country singled out as a partner while allies were grouped together under “existing alliances.”⁷ This has helped to allay persistent concerns in New Delhi about how much India can depend on the United States given Washington’s reliance on India’s rival Pakistan.

In the contentious foreign policy debates in India, one fairly strong point of consensus is the continuing distrust of China. While Indian officials may be expected to publicly keep a studied distance from the U.S. rebalance, privately they are almost surely assuring the United States of broad Indian support for the new U.S. policy.

4 U.S. Department of Defense, “Panetta Says U.S.-India Relations Must Deepen, Grow for Peace,” New Delhi, India, June 6, 2012.

5 “U.S. Says India ‘Linchpin’ of Rebalancing Strategy,” New Delhi, India, June 7, 2012.

6 Sushil Singh, “India Changes Tactics on South China Sea,” Asia Pacific Defense Forum, December 11, 2012.

7 U.S. Department of Defense, “Sustaining US Global Leadership: Priorities for 21st Century Defense,” January 2012.

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Timothy Adamson is a Master of Arts graduate from the Elliott School of International Affairs at The George Washington University, where he majored in International Affairs. Timothy wrote his M.A. thesis on China's response to the U.S. rebalance to the Asia-Pacific region. He received his Bachelor's degree in Political Science from Newcastle University, U.K.

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