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Rebooting the U.S. Rebalance to Asia

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OVERVIEW

President Barack Obama's trip to Japan, South Korea, Malaysia, and the Philippines in April 2014 was an important juncture in his administration's "pivot" or "rebalancing" of U.S. foreign policy to the Asia-Pacific. In a region increasingly tied with U.S. security and prosperity, the president's trip was a statement of reassurance and resolve by his administration. The president visited key partners – though, significantly, not China – to reinforce the rebalancing policy in the final years of his term.

President Obama's visit was especially significant because it followed a series of U.S. policy setbacks and mistakes – some of which directly affected the momentum of the rebalancing initiative – and because the trip coincided with a period of growing stress in the global geopolitical environment. Notably, tensions in Ukraine have established a schism in Russia's relations with the United States and Western Europe not seen since the Cold War. Ongoing instability in the Middle East and North Africa, a U.S. government shutdown in October 2013, and deep cuts in the U.S. defense budget have also consumed Washington's attention.

Compounding these problems, U.S. policy toward Asia was inconsistent over the last half of 2013 and the first four months of 2014. This was especially notable with respect to the U.S. role in managing maritime and territorial disputes involving China and its neighbors.

President Obama's trip to Asia was successful, but more must be done. The administration must overcome its recent policy setbacks, avoid policy mistakes in the future, and implement its strategic vision with strong, steadier policies.

A GOOD START

Rolled out by the Obama administration in 2011, the rebalancing policy was and is based on sound strategic judgments: Asia will become increasingly important in the decades ahead, changes in the balance of power in Asia will produce tensions, and the United States will be one of the keys to regional stability.

The rebalance was on a good track in the second half of President Obama's first term. Asia's regional powers generally responded well to U.S. efforts to engage the region through a series of military, economic, and diplomatic measures designed to underpin the United States' historic role as a regional stabilizer.¹ Washington was able to reinforce historical relationships with key allies including Japan and South Korea, cement new and existing partnerships with emerging regional players in South and Southeast Asia increasingly concerned with China's growing power and assertiveness, and advance political and economic goals seen as crucial to strengthening the U.S.-led liberal order in the region.

China – while initially wary of what an increased American role in the Asia-Pacific might mean – responded positively to repeated U.S. assurances that the rebalance was a stabilizing mechanism intended to enhance regional prosperity and security. Moreover, Chinese officials approved of the greater attention paid by the United States to the U.S.-China relationship, which is seen by both parties as one of the keys to the stability of the international order. This generally positive context set the stage for the successful U.S. summit held in Sunnylands, California, in June 2013.

1 An extended discussion of these developments can be found in our earlier paper, "[Balancing Acts: The U.S. Rebalance and Asia-Pacific Stability](#)," (August 2013, Sigur Center for Asian Studies, The George Washington University).

SETBACKS AND MISTAKES

Starting in mid-2013 and continuing into 2014, the Obama administration suffered several setbacks and policy mistakes which have damaged the credibility of the rebalance and have had global reverberations.

This turn for the worse coincided with the June 2013 summit. That month, revelations of the U.S. National Security Agency (NSA)'s government surveillance programs damaged U.S. relations with key allies in Europe and countries around the world. Moreover, these leaks undermined Washington's complaints about China's egregious cyber-behavior, which Beijing conducts at the expense of the United States, advanced economies, and neighboring countries.

In late August and early September, President Obama retreated from his clear "red line" over any Syrian government use of chemical weapons, significantly weakening his standing and raising questions over America's capabilities and resolve. Russia presented an escape-route for the White House by formulating a deal to extract the offending weapons in collaboration with the Syrian government.

Later in September, President Obama barely mentioned the Asia-Pacific region in his 45-minute address to the UN General Assembly. Rather than taking the opportunity to reinforce the rebalance and the importance of the Asia-Pacific region as a geostrategic priority, he focused almost entirely on the Middle East and called on the international community to do more to address pressing problems in that region. To critics, this showed that the rebalance remains an unrealistic ambition in light of existing security threats in unstable regions which demand U.S. attention.

The U.S. government shutdown in October reinforced uncertainties over the country's political reliability and economic durability. In particular, it raised doubts among U.S. allies in Asia that the United States has the capacity to implement the rebalance given the vast resources required to sustain the U.S. presence in Asia. President Obama added to the damage by canceling his October trip to Asia, where he had been scheduled to attend important regional summits. While key Asian partners presented a generally calm reaction to the president's absence, the events were seized upon by China as fresh evidence of U.S. decline and the emergence of a "post-American world."

Against the background of the failure of the rebalance to halt China's recent use of coercion and intimidation to advance maritime territorial claims against neighbors, Washington offered a mixed response to China's November declaration of an Air-Defense Identification Zone (ADIZ) in the disputed East China Sea. Although Washington initially sent a couple of military aircraft into the ADIZ, it also instructed U.S. airlines to comply with Beijing's requirement to notify Chinese authorities when entering the ADIZ. Japan rejected Beijing's declaration altogether.

The U.S. malaise continued into 2014. In February, the Pentagon announced deep cuts to the defense budget – totaling \$75 billion through 2016. U.S. Secretary of Defense Chuck Hagel insisted that these cuts would not affect U.S. plans to bolster military capabilities in the Asia-Pacific region. Many people in the region wondered if this would prove to be the case.

Finally, the crisis in Ukraine demonstrated the limits of western capabilities to confront revisionist powers intent on altering the geopolitical status quo. President Obama threatened the Kremlin with "costs" regarding a potential Russian annexation of Crimea; Russia then annexed Crimea. In response, the Obama administration and the EU enacted sanctions targeting Russian individuals and entities – moves that do not appear to have significantly affected Russian President Vladimir Putin's calculations. The events in

Ukraine have alarmed U.S. allies in Asia who fear that Washington cannot now afford to pivot away from Europe. Fears also abound that the success of Russian actions in Ukraine may embolden China to further escalate its maritime and territorial disputes in the East China and South China seas.

THE APRIL 2014 TRIP

On April 22, President Obama embarked on his fifth trip to Asia as president. Visiting Japan, South Korea, Malaysia, and the Philippines in that order, his week-long trip was aimed at underscoring the U.S. commitment to the Asia-Pacific region and the administration's rebalancing policy. The trip had originally been planned for October 2013, but was rescheduled following its cancelation because of the U.S. government shutdown.

President Obama's first stop was in Japan, where he met with Japanese Prime Minister Shinzo Abe. Careful to emphasize the importance of the U.S.-Japan alliance as the bedrock of the regional security order, the president also sought to advance negotiations with Japan on the Trans-Pacific Partnership (TPP), a proposed region-wide free-trade agreement. However, discussions during the president's visit did not produce any significant developments. Tokyo remained reluctant to make concessions over agricultural protections, in particular.

Despite heated Chinese criticism of Japan's regional activism, the United States strongly embraced Japan as a partner in joint efforts to enhance Japanese-American influence throughout Southeast Asia and the broad Indo-Pacific region. Most notably, President Obama confirmed that the disputed Senkaku/Diaoyu islands in the East China Sea – which are administered by Japan – would fall under the protection of the U.S.-Japan Security Treaty. This was a significant departure from previous presidential statements that pointedly avoided the issue. President Obama warned against any unilateral attempts by rival claimants to change the status quo, although he was clear that the United States did not take a position on the sovereignty of the islands themselves. Seemingly mindful of his blunder on Syria, he also stressed that “no red line had been drawn.”

The U.S. delegation then traveled to South Korea. In a meeting with South Korean President Park Geun-Hye, President Obama outlined the continuing value of the partnership between the United States and South Korea. He also stressed the importance of their efforts to confront North Korea over its nuclear program. President Obama also made some progress in encouraging Japan and South Korea to set aside their bilateral differences and work together on mutual concerns, such as North Korea. His visit came at a poignant moment for South Korea, following the sinking of a ferry off its coast which claimed the lives of more than 300 Koreans just days before. The president pledged full support for the recovery operation.

Next, President Obama visited Malaysia where he met Prime Minister Najib Razak. President Obama's visit was again set against the backdrop of a national tragedy, with Malaysia still in mourning following the March 8 disappearance of the Malaysia Airlines Flight 370. The president underlined the growing significance of the emerging relationship between the two countries and the importance of Malaysia's role in ASEAN, the regional multilateral institution for which Malaysia will assume the rotating presidency in 2015. The two leaders announced an upgrade of their countries' relationship to the level of “comprehensive partnership,” which will allow greater collaboration in the areas of economics, security, education, and science and technology. In a speech to young Southeast Asian leaders, President Obama reaffirmed that his decision to play a “larger, more comprehensive role in [the Asia-Pacific region's] future” would endure. The visit marked another step in the evolution of a cautious, yet increasingly cooperative relationship that had gradually developed between the two countries over the past decade.

The final stop on the president's trip was in the Philippines, an increasingly important strategic partner for the United States. Here, President Obama announced a landmark 10-year defense pact which will provide for U.S. military access to bases in the Philippines. This agreement will give Washington a key strategic base in the Pacific – in close proximity to China and adjacent to the South China Sea – and it marks the return of a U.S. footprint in the country following the closure of the Subic Bay naval base in 1992. The official response from China was restrained, although Beijing is likely to see the announcement as further evidence of U.S. attempts to contain China.

At a press conference in Manila, President Obama vociferously defended his foreign policy record amid tensions in the Ukraine and pressures between China and its neighbors over territorial disputes. In an exchange with reporters, the president condemned some in the media and the foreign policy community for being eager to “go headlong into a bunch of military adventures that the American people had no interest in participating in and would not advance our core security interests.” The remark was especially salient given his stated commitment to defend Japan's ownership of the disputed Senkaku/Diaoyu islands.

REGIONAL FLASHPOINTS FOR 2014-15 AND BEYOND

The U.S.-China Relationship: The evolving U.S.-China relationship has improved in notable ways in recent years, particularly in the areas of military-to-military cooperation and high-level bilateral engagement. Obama administration officials have repeatedly reassured Beijing that the United States welcomes a strong, prosperous China. They have also been vocal in outlining their hopes that Beijing should play a greater and more constructive role in shaping the future of the international order in ways that are conducive to global stability.

Despite this, the U.S.-China relationship continues to be marked by what political scientists Wang Jisi and Kenneth Lieberthal describe as “strategic distrust.” Beijing continues to be suspicious about U.S. intentions in Asia, especially regarding the U.S. military presence which has been strengthened under the rebalance. Beijing has reacted negatively to increasingly sharp criticism from U.S. officials of China's coercive and intimidating actions to advance territorial control at the expense of Japan, the Philippines, and other neighbors. President Obama's announcement that the United States will once again have access to bases in the Philippines is likely to intensify concerns in China that U.S. policy is aimed at containing China. Unquestionably, the United States is more and more willing to pledge its support to allies who have been spooked by China's increasingly assertive foreign policy behavior in recent years, particularly relating to maritime and territorial disputes.

The United States and China also disagree over other issues that interfere with the development of a productive bilateral relationship. In the Asia-Pacific region, the two are at odds over Washington's efforts to secure freedom-of-navigation in key trade routes throughout the region; U.S. efforts to halt Chinese coercion and calm disputes involving China's territorial claims; China's military buildup; and the U.S. military presence in the Asia-Pacific. More generally, the two countries are far apart on matters pertaining to China's role in the international order and in Asia's institutions; on dealing with Syria, Iran, and North Korea; on cybersecurity; on trade, investment, and intellectual property; on climate change; and on a host of other issues. Efforts from both sides to institutionalize both the U.S.-China relationship and the regional security order have deepened but are limited in their ability to insure against future conflict.

The East China Sea: A key facet of the U.S. rebalance to Asia was the Obama administration's intent to

broaden the U.S. defense posture in Asia to cover South and Southeast Asia, a reflection of the changes in the balance of power in the region and a more varied set of regional security threats. These interests complement Washington's ongoing focus on the rise of China, the U.S. relationship with key allies Japan and South Korea, and the ongoing North Korea issue.

The most contentious area for dispute currently is the trilaterally contested Senkaku/Diaoyu islands in the East China Sea. These tiny islands have been administered by Japan since 1972. However, both China and Taiwan assert sovereignty over the islands based on competing historical claims. In particular, relations between Japan and China have deteriorated since Tokyo bought the islands from Japanese investors in 2012. Since then, tit-for-tat confrontations involving Japanese and Chinese civilian ships in disputed areas have raised the possibility of an escalation of hostilities which could trigger a larger military conflict. This has inflamed nationalist sentiments in both countries and contributed to a significant deterioration in the regional security environment. A 2013 poll by The Genron NPO, a Japanese think tank, found that more than 90% of the people polled in Japan and China held unfavorable impressions of each other, the highest for nine years.

Against this backdrop, governments in all three claimant countries have adopted confrontational policies aimed at improving their respective positions in the dispute. China's announcement of its ADIZ in the East China Sea was typical of Beijing's efforts to assert greater sovereignty over the islands through a series of incremental policies. Seeking a way to balance more effectively against China's growing power, Japan has appealed to the United States to intervene in the conflict. President Obama's declaration that the islands were covered by the U.S.-Japan bilateral defense treaty was a significant victory for Tokyo and is likely to further inflame China and Chinese nationalists. Taiwan, for its part, has also embraced sometimes confrontational policies in relation to its claims to the islands which exacerbate tensions and work against U.S. efforts to promote regional stability.

The South China Sea: The maritime and territorial disputes in the South China Sea also pose an enormous challenge to regional stability.

The main U.S. goal is to preserve a stable regional environment that facilitates trade and investment. According to the White House, the "sea lines of communication that crisscross the South China Sea carry \$5.3 trillion in bilateral annual trade, of which \$1.2 trillion is U.S. trade." The area is also rich in mineral deposits, including oil, gas, and fisheries, which are of interest to all of the claimants.

While disputes in the East China Sea are mainly characterized by a clash between two great powers – China and Japan – the islands and territory in the South China Sea are contested by six different countries, of which China is by far the most powerful. Relations between China and the Philippines have been particularly strained over competing claims to various island chains including the "Scarborough Shoal," where Chinese coast guard vessels drove off much weaker Philippines forces and took full control in June 2012. Beijing also resorted to strident diplomatic threats and economic pressure on its weaker neighbor.

China's relations with Vietnam have also become strained. In May 2014, anti-China protests in Vietnam over Beijing's decision to move an oil rig into waters surrounding the disputed Paracel Islands in the South China Sea led to the deaths of two Chinese workers. Beijing responded by sending five ships to evacuate Chinese citizens in the country. This led to the evacuation of more than 3,000 Chinese nationals from Vietnam. Beijing strongly rebuked the Vietnamese government for failing to adequately respond to the protests.

Just as it has done in the East China Sea, Beijing has employed an array of tactics aimed at incrementally asserting control over disputed areas which cover a large portion of the South China Sea – what China refers to as the “9-Dash Line”. These tactics include economic coercion and pressuring ASEAN members to drop the issue in multilateral discussions. For their part, claimants including the Philippines and Vietnam have sought to invite U.S. diplomatic attention to the disputes, something that China strongly rejects. Despite its insistence that it does not take sides in the disputes, Washington has sharpened its rhetoric in condemning China’s behavior including issuing strong warnings to China against setting up an ADIZ in the South China Sea. Washington’s strong support for claimant countries to resolve the disputes through an international tribunal have so far yielded little progress.

North Korea: Hopes that North Korea would seek more constructive engagement with the international community under new leader Kim Jong-un have been dashed. Pyongyang has continued its nuclear program, challenging assumptions it would be forced to adapt its confrontational foreign policy approach in light of ongoing UN-led sanctions. Efforts in Washington to engage China over the North Korea issue have been generally unsuccessful. Although Beijing and Washington maintain officially that a denuclearized North Korea is in the interest of both parties, little progress has been made on this issues in recent years.

Under the Obama administration, U.S. policy has been broadly consistent with previous administrations in pursuing multilateral initiatives aimed at containing and reversing North Korea’s nuclear program. On his visit to Seoul in April 2014, President Obama warned that further sanctions against North Korea were possible in light of Pyongyang’s threat to conduct a fourth nuclear test. It is not clear that new sanctions would have much effect on Pyongyang, given that extensive sanctions are already in place. What is certain is that the security environment on the Korean peninsula remains febrile and seems set to continue for the foreseeable future.

RECOMMENDATIONS

The key to the success of the U.S. rebalance to Asia will be Washington’s ability to reassure allies and partners in the region about the durability of U.S. capacities and commitments. This, in turn, requires sustained, steady, high-level engagement. In this context, policy mistakes, setbacks, flip-flops, and mixed messages are highly counter-productive. These twists and turns undermine U.S. efforts to maintain strong, durable alliances and partnerships with key countries in the region.

Washington remains in a position of extraordinary strength: a study by Rice University professor Brett Ashley Leeds found that the United States boasts partnerships with more than 60 countries around the world; many of these allies and partners are in the Asia-Pacific and have been strengthened by the rebalance. In sharp contrast, North Korea remains China’s solitary formal ally. In that light, the Obama administration’s charm offensive in the region is both strategically smart and likely to be well-received.

Washington still has to demonstrate to allies, partners, and competitors that it has the strategic bandwidth to focus on Asia and other parts of the world at the same time. Pressing problems in the Middle East and Russia rightly demand attention, and the United States should not disengage from other regions as it continues to implement the rebalance. At the same time, Washington’s high-level attention to other regions should not come at the expense of Asia.

To demonstrate this commitment, President Obama and top administration officials should spend more time in more Asian countries over the remainder of the president’s term. The president’s visit to Asia in April was a very good step; more will be needed. Although Secretary Kerry made his fifth trip to the Asia-Pacific in April, he continues to be very focused on the Middle East and Russia. Allies and friends in Asia will be looking to

see how much time and attention he devotes to their part of the world in 2014 and beyond.

Crucially, however, high-level engagement alone will not suffice. Given China's material emergence as an economic and military power, the United States will have to take concrete steps to demonstrate its commitment to Asia. In the military area, the U.S. Navy plans to add two destroyers and two attack submarines per year to its fleet. This is a good start, but the Pentagon needs to go beyond procurement plans and provide more details about long-term deployments in the Asia-Pacific itself.

In this context, President Obama's announcement of a new defense agreement to allow U.S. access to bases in the Philippines was a significant step to boost regional confidence that the rebalance involves tangible material developments which complement the regional security order. Strategically, these bases will give the United States an important location from which to defend U.S. and allied interests – notably in the realms of maritime freedom-of-navigation and the Pentagon's ability to counter anti-access strategies favored by China in future regional military conflicts. This new agreement will also help the United States to rebalance within Asia. A greater U.S. presence in the Philippines and Southeast Asia will broaden the U.S. presence in the region as a whole, reflecting changing balances of power in the region and a more varied set of regional flashpoints, most notably in the South China Sea.

In the economic arena, the Obama administration should step up its efforts to conclude the TPP. Efforts to promote the TPP, on the heels of the successful conclusion of the U.S.-Korea free trade agreement and a wide variety of economic agreements struck with regional partners beginning with the Clinton administration, demonstrate an important level of continuity in U.S. trade policy complimentary to American economic interests. Unfortunately, opposition from the Democratic Party means that the president is unlikely to receive fast-track negotiating authority from the U.S. Congress before the November 2014 election. Washington has also been frustrated by key TPP participants, including Japan, who face domestic pressures of their own. The Obama administration should make a TPP agreement a priority in 2015.

Finally, the administration must handle a delicate balancing act with great skill. Washington needs to reassure allies and friends who are increasingly worried about China, and it cannot be passive in the face of China's increasingly assertive behavior foreign policy behavior. To reassure allies and friends in the region, the administration needs to be more explicit about the mix of carrots and sticks it is prepared to use in order to sustain the U.S. role as a regional stabilizer in the face of China's maritime coercion and aggression. In particular, Washington should formulate a plan to manage China's assertive behavior in the East China and South China seas. This might include publicizing contingent military plans in conjunction with allies, including Japan and the Philippines. The United States should also continue to push for these disputes to be resolved in multilateral forums and press for the establishment of a maritime code of conduct between China and ASEAN countries as part of a strategy of risk-reduction in disputed areas.

At the same time, the United States needs to sustain a stable, working relationship with Beijing. The Obama administration has worked hard to assure China that the rebalance is not aimed at containing China's rise. With this in mind, the administration has emphasized the non-military elements of the rebalance, including trade and multilateral diplomacy. However, China remains wary of American intentions. China's concerns will probably intensify following the announcement of the new U.S.-Philippines agreement and President Obama's affirmation that the U.S.-Japan Security Treaty covers the disputed Senkaku/Diaoyu islands.

To manage the growing competition between the United States and China, Washington's assertions of goodwill will have to be supported by U.S. actions that persuade Beijing that its interests are best served by a generally cooperative rather than increasingly contentious U.S.-China relationship.

