

 **ORF**
**OCCASIONAL
PAPER**

FEBRUARY 2020

236

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ISBN: 978-93-89622-64-5

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ABSTRACT

After President Donald Trump’s 2017 visit to Asia, the Indo-Pacific region assumed greater significance in the United States’ foreign policy calculus, as articulated in the ‘Indo-Pacific Strategy Report’ released by the US Department of Defence. On 31 December 2018, Trump passed the Asia Reassurance Initiative Act (ARIA), which authorises US\$1.5 billion in spending for a range of US programmes in East Asia and Southeast Asia to “develop a long-term strategic vision and a comprehensive, multifaceted, and principled US policy for the Indo-Pacific region.” This paper analyses the key drivers of Trump’s Asia policy; the reactions and implications for the regional players in Southeast Asia, East Asia, and Oceania; the challenges that the US will face; and India’s place in this policy gambit.

Attribution: Premesha Saha, “From ‘Pivot to Asia’ to Trump’s ARIA: What Drives the US’ Current Asia Policy?” *ORF Occasional Paper No. 236*, February 2020, Observer Research Foundation.

INTRODUCTION

In 2017, then US Secretary of State Rex Tillerson leveraged the “Indo-Pacific” concept in a speech on US–India relations. During President Donald Trump’s Asia visit in the same year, he championed Tillerson’s idea, and the concept became an integral part of the nation’s policy gamut. In May 2018, Secretary of Defence James Mattis announced the renaming of the “US Pacific Command” to “US Indo-Pacific Command.” Subsequently, US\$113.5 million in seed funding was announced in the July 2018 Indo-Pacific Business Forum, to promote US private sector investment in the region. The US Secretary of State Mike Pompeo detailed the contours of the Indo-Pacific strategy, which Tillerson had announced previously, outlining a vision for the region “where the global commons are accessible to all, disputes are resolved peacefully, and an economically ‘open’ region that includes fair and reciprocal trade, open investment environments, transparent agreement between nations, and improved connectivity.”¹

The US considers the geographic expanse of the Indo-Pacific to stretch from its west coast to the western coast of India. The US Department of Defence’s “Indo-Pacific Strategy Report”² outlines the country’s interests and future course of actions in the region. There is special focus on Southeast Asia and East Asia, since top US officials such as Mike Pompeo, Jim Mattis and Trump have recognised the centrality of these regions in the emerging Free and Open Indo-Pacific (FOIP) strategy. The FOIP strategy is envisioned as a collective effort to defend freedom and openness in a rules-based order. Within the Indo-Pacific, Southeast Asia—more specifically, the regional grouping of ASEAN—is essential to this effort, being a hub of Asian multilateralism and at the centre of China’s attempts to undermine norms that advance US interests.³ Much of the groundwork for this Indo-Pacific concept was laid by the Obama administration’s “pivot” or “rebalance” to Asia.⁴

That Southeast Asia, East Asia and Oceania have become a focal point in the US' policy domain is also evident in the Asia Reassurance Initiative Act (ARIA), signed by Trump on 31 December 2018. The law authorises US\$1.5 billion in spending for a range of US programmes in East Asia and Southeast Asia to “develop a long-term strategic vision and a comprehensive, multifaceted, and principled US policy for the Indo-Pacific region.”⁵

President Obama's 'Asia Pivot' Policy

Under President Barack Obama, there was a notable shift in the US' strategy in the Asia-Pacific. In 2011, State Secretary Hillary Clinton noted that the US must be “smart and systematic” when investing its time and resources. “One of the most important tasks of American statecraft over the next decade will therefore be to lock in a substantially increased investment—diplomatic, economic, strategic, and otherwise—in the Asia-Pacific region.” The “pivot” (later called the “rebalance”) to Asia involved deepening and strengthening alliance commitments with US treaty allies including Japan, South Korea, Australia and the Philippines, and building new partnerships with Southeast Asian states. Under the latter, India assumed a central role, with the potential to develop into a key strategic ally.⁶

On the military front, the US committed to maintain 60 percent of its global naval assets in the region. Deployments (for instance, to Australia) were increased for both symbolic and strategic purposes. The Obama administration invested significant diplomatic effort in reiterating its commitment to the security of US allies, for instance Japan and the Philippines, which are both embroiled in territorial disputes with China. It had even considered new basing opportunities throughout the Indo-Pacific.⁷

However, the Obama administration was soon pulled into issues such as Russia's annexation of Crimea and invasion of eastern Ukraine; and the rise of new terrorist groups in Iraq and Syria that threatened Europe, the US and even parts of the Asia-Pacific. At the same time, China was steadily intensifying its strategic actions, as it increased repressive activities in Hong Kong and Taiwan, and in the South China Sea, embarked on land reclamation projects and island building. All this generated significant international attention, but little concrete action.

By the end of Obama's tenure, with the US administration focused on the Middle East and Russia, Asian allies found America's attitude neglectful towards them and began to question its commitment to the region.⁸

DRIVERS OF TRUMP'S ASIA POLICY

Withdrawal from the Trans-Pacific Partnership

One of the main drivers for the enactment of Trump's Indo-Pacific policies was his formal withdrawal from a long-planned trade deal with Pacific Rim nations (Trans-Pacific Partnership). According to Eric Altbach, Vice President at Albright Stonebridge Group in Washington and a former deputy assistant US Trade Representative for China Affairs, the withdrawal "creates a political and economic vacuum in Asia that China is eager to fill offering a boost for beleaguered US manufacturing regions while damaging American prestige in Asia."⁹

A report released by the Centre of Strategic and International Studies suggests that Trump's decision to pull out of the TPP, his focus on reducing bilateral trade deficits, and his interest in only forging new bilateral trade deals have had widespread implications for US–Southeast Asia economic and political relations, with the latter no

longer considering the former a predictable trade partner.¹⁰ The uncertainty stemming from US–China trade tensions has also contributed to this. Meanwhile, Asian regional economic integration and regional trade architecture are moving ahead without the US at the table, resulting in the US' interests being neglected.¹¹

The US–Southeast Asia trade relations are critical for both sides. For the Trump administration, America's economic future lies in the Indo-Pacific, with Southeast Asia being one of the largest and fastest-growing markets in the world, offering tremendous opportunities for American companies in the coming decades. With a projected regional annual growth rate of about five percent, the region is expected to collectively become the fourth-largest economy in the world, overtaking the European Union (EU) and Japan by 2050.¹² The ASEAN countries are already the fourth-largest export market for the US after Canada, Mexico and China. By 2050, their collective middle class will comprise 350 million people, with approximately US\$300 billion in disposable income.

The US export growth to Southeast Asia has been steady since the 1997 Asian financial crisis (with the exception of the 2009 dip) and reached US\$86.2 billion in 2018, accounting for 5.2 percent of overall US exports. Following the 2008 global financial crisis, the US imports from Southeast Asia have also grown steadily and reached over US\$185.8 billion in 2018, an increase of 9.4 percent from 2017 and 68.7 percent over the last decade. Overall, ASEAN account for 7.3 percent of all US imports.¹³ In 2017, the two-way trade between America and Asia stood at US\$1,544 billion. As of July 2018, China, Japan, South Korea and India were amongst the top 10 US trading partners, constituting 15.4 percent, 5.1 percent, three percent and 2.1 percent of America's international trade, respectively. Moreover, the US investment in Asia has increased at an annual rate of 10 percent, from US\$227 billion in 2001 to US\$605 billion in 2011.¹⁴

For their part, Asian governments have deepened their economic integration via several schemes, including the ASEAN Economic Community Blueprint 2025 (AEC 2025), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive and Economic Partnership (RCEP). AEC 2025 is an integration project amongst 10 Southeast Asian economies, aimed at achieving “a highly integrated and cohesive economy; a competitive, innovative, and dynamic ASEAN; enhanced connectivity and sectoral cooperation; a resilient, inclusive, people-oriented, and people-centred ASEAN; and a global ASEAN.” The CPTPP is a free trade agreement (FTA) involving 11 Asia-Pacific states, meant to liberalise trade and investment in key areas such as technical barriers to trade, sanitary and phytosanitary measures, and state-owned enterprises. The negotiation concluded in January 2018. Once the CPTPP is enforced, this bloc will cover a market of 495 million people and have a combined GDP of US\$13.5 trillion. The RCEP is an FTA under negotiation amongst 10 Southeast Asian countries and six of ASEAN’s dialogue partners. It is aimed at merging the existing ASEAN-Plus-One FTAs into a single contract. If concluded, this mega-trade deal will cover 46 percent of the global population and 24 percent of the world’s GDP. Increased economic integration will make the Indo-Pacific even more important for American businesses in the years to come.¹⁵

The Strategic Component

The Trump administration’s emphasis on Southeast Asia is based on the subregion’s importance within the broader Indo-Pacific, which is of great importance for the US, its allies and its partners. The Southeast Asian subregion is also home to two of the US’ five treaty allies—Thailand and the Philippines—as well as several other key strategic partners such as Indonesia, Singapore and Vietnam.¹⁶

Geographically, Southeast Asia sits right at the centre of the Indian Ocean and the Pacific Ocean, the two ends of the Indo-Pacific vision that seeks to emphasise its significance as a single strategic environment. The subregion's importance is critical in the maritime domain, since it is home to the vital sea lanes of communication that link the Indian Ocean and Pacific Ocean, including not only the South China Sea (where one third of global shipping passes) but also other strategic waterways such as the Malacca Strait (one of the world's busiest waterways) and the Sulu Sea (a place of both rampant transnational crimes and emerging intraregional cooperation).¹⁷

Geopolitically, Southeast Asia is arguably a key battleground in the Indo-Pacific, where the "freeness" and "openness" of the FOIP strategy will be tested. Southeast Asia is a collection of relatively young, highly diverse states, several of which are economically and politically underdeveloped and maintain fluid and diverse alignments. This accounts for the spectrum of views on issues critical to the advancement of a FOIP strategy, be it China's role in the region or the advancement of democracy and human rights.¹⁸

The ARIA offers Washington an opportunity to collaborate with its Asian allies and partners that have also been increasing their stakes in the region over the past few years, as part of their Indo-Pacific conceptions such as Japan's "Free and Open Indo-Pacific Strategy," Australia's "Foreign Policy White Paper," India's "Act East Policy," and Taiwan's "New Southbound Policy." Washington is making efforts to convince its regional partners to strengthen their responsibilities in fostering regional stability. In this, India is seen as a stabilising actor on the security and economic fronts.¹⁹

The China Factor

Chinese actions in conflicts over Taiwan and the South China Sea are reflective of not only China's rise but also its growing hegemonic stance. Whether China's long-term strategy seeks to (and can) replace the US as the global hegemon remains to be seen, but it is already evident that Beijing wants to build a Chinese sphere of influence in East Asia. For a long time now, the US has been a prominent power in the Pacific as well as the Indian Ocean. Now, China has grown increasingly assertive in both the Western Pacific and the Indian Ocean, challenging the US, Japan and Australia in the former and the US and India in the latter.

The Trump administration's approach to the Indo-Pacific indicates an attempt to limit Chinese gains, a contrast to previous US administrations' efforts to integrate China into the liberal order.²⁰ In his last testimony to the US Senate Armed Forces Committee, PACOM's commander Admiral Harry Harris noted: "[T]he US has an enduring national interest in the Indo-Pacific, but was faced with challenges from Beijing, China's ongoing military build-up, advancement, and modernization are core elements of their strategy to supplant the United States [...] in the Indo-Pacific."²¹ According to the 2018 National Defence Strategy, "China is leveraging military modernization, influence operations, and predatory economics to coerce neighboring countries to reorder the Indo-Pacific region to their advantage." The US National Security Strategy (NSS) states, "China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favour."²²

In late 2017, the Trump administration identified China as a "revisionist power" and a strategic competitor that seeks to undermine the rules-based international order. Over the course of 2018, the

administration's China policy hardened significantly, most notably when it threatened to apply tariffs on Chinese imports worth US\$250 billion unless the two countries could reach a trade deal that addressed America's complaints, e.g. tariffs, currency manipulation, intellectual property theft and forced transfer of technology.²³

China's 2013 Belt and Road Initiative (BRI) has been described as "the most significant and far-reaching initiative that China has ever put forward."²⁴ Consisting of the Silk Road Economic Belt (an overland route) and the Maritime Silk Road Initiative (a maritime route), it is essentially an infrastructure development plan designed to increase connectivity across Eurasia and the Indian Ocean. A 2009 report from the Asian Development Bank (ADB) stated that between 2010 and 2020, there was a need for US\$8 trillion in infrastructure projects throughout Asia. Since existing international institutions do not have the capital or capacity to address this shortage, China announced the BRI as a response. It created international institutions—the Asian Infrastructure Investment Bank (AIIB) and Silk Road Fund—to finance BRI projects. Chinese leaders have emphasised that the initiative is meant to complement the existing international structure, not challenge it. Foreign Minister Wang Yi addressed this directly, stating: "China is not building a rival system. On the contrary, we are seeking to play a bigger role in the existing international order and system." Nevertheless, the BRI has extended Chinese influence substantially, and BRI-related projects are perceived as a means of economic statecraft that provide political leverage for Beijing.²⁵ "Chinese dominance risks diminishing the sovereignty of many states in the Indo-Pacific. States throughout the region are calling for sustained US leadership in a collective response that upholds a regional order respectful of sovereignty and independence."²⁶

THE ASIA REASSURANCE INITIATIVE ACT (ARIA)

The ARIA seeks to reassure allies and strategic partners of the US' continued commitment to the region. The Indo-Pacific region “poses security challenges that threaten to undermine United States national security interests, regional peace, and global stability” and that “the core tenets of the United States-backed international system are being challenged” by China, North Korea, and international terrorist organisations.²⁷ It highlights concerns about the breach of civil liberties in Cambodia, China, Laos, North Korea, Thailand and Vietnam, as well as the human rights violations in Burma (Myanmar) and the Philippines. The Act is divided into three sections.²⁸

1. Promoting US Security Interests in the Indo-Pacific Region

The ARIA calls for a policy that “secures the vital national security interests of the United States and its allies and partners.” It reiterates the US commitment to the freedom of navigation under international law and the peaceful resolution of maritime and territorial disputes, stressing on the need to enhance security and defence cooperation with allies and partners and to maintain a strong military presence in the Indo-Pacific region.²⁹ To ensure such freedom of navigation, the ARIA proposes initiating a “Joint Indo-Pacific Diplomatic Strategy.”³⁰

The ARIA makes specific references to the US' commitment to its treaty alliances with Australia, Japan, the Philippines, South Korea and Thailand; its strategic partnership with India; and its policy to support the close economic, political, and security relationship with Taiwan. According to the Act, the US should elevate its relationship with ASEAN to a strategic partnership and develop a policy to deepen trilateral security cooperation between the US, Japan and South Korea. It also argues that the Quadrilateral (Quad) security dialogue (between the US,

Australia, India and Japan) is vital to addressing pressing security challenges in the Indo-Pacific region. The ARIA calls for the US to deepen diplomatic, economic and security ties with India; enhance security partnerships with Indonesia, Malaysia, Singapore and Vietnam; reaffirm its commitment to New Zealand; and strengthen its engagement with the South Pacific nations.³¹

2. Promoting US Economic Interests in the Indo-Pacific Region

The ARIA stresses on the need to formulate a “comprehensive economic engagement” in conjunction with the ASEAN. It encourages the continued use of the Asia-Pacific Economic Cooperation (APEC), the East Asia Summit (EAS) and the Group of 20 (G20) to pursue the US' economic objectives. It also supports the full implementation of the World Trade Organization's Trade Facilitation Agreement by Indo-Pacific countries, and to that end, authorises money for trade capacity building and facilitation activities in the region. Other economic provisions include an annual report (for five years) on the US' efforts to “combat intellectual property violations and commercial cyber-enabled theft” in the region; the authorisation of appropriations to “establish a comprehensive, integrated, multiyear strategy” to encourage Indo-Pacific countries to implement “national power strategies”; and continued support for the Lower Mekong Initiative.³²

3. Promoting US Values in the Indo-Pacific Region

Trump's Asia Policy is considered a continuation of Obama's “Asia Pivot” policy. However, one of the major differences is Trump's approach to China, which is confrontational. In contrast, the Obama administration had carefully couched its rebalance in Asia in non-confrontational terms, warning of the consequences of a rising China that disrupted the rules-based international order but holding out hope for cooperation

with Beijing. Secretary Clinton spoke of building “mutual trust” and encouraging “China’s active efforts in global problem-solving,” and her successor, John Kerry, devoted significant time to engaging China on climate change. Such an attitude fostered Chinese support for the Paris Agreement.³³

THE US' RISING INFLUENCE IN ASIA

With an increase in US initiatives in the Indo-Pacific, Washington has often argued that it is not an outsider to the region. “As an Indo-Pacific nation ourselves [...] when we speak about the Indo-Pacific region, we are defining it as stretching from the US West Coast through the Bay of Bengal [...] From a security standpoint, the Indo-Pacific is the region in which the United States has our longest maritime border, several long-standing treaty allies, as well as being home to our Pacific fleet.”³⁴

1. Economic and Development Initiatives

In the Indo-Pacific Business Forum in 2018, Secretary of State Pompeo, Secretary of Commerce Wilbur Ross, US Agency for International Development Administrator Mark Green, and other Cabinet-level officials launched new initiatives to expand US public and private investment in Indo-Pacific infrastructure, energy markets and digital economy. To this end, Pompeo announced that US\$113 million will be allocated as a “down payment” to fund such initiatives.³⁵ He further also pledged to strengthen American support for key regional institutions such as the Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC), Lower Mekong Initiative and Indian Ocean Rim Association (IORA) to advance the Indo-Pacific strategy. Speaking at the APEC CEO Summit in November 2018 in Papua New Guinea, Vice President Mike Pence discussed the strategy’s economic components.³⁶ Pence also stressed that the Trump

administration aims to promote private-sector investment and assist regional states on sustainable infrastructure development.³⁷

In July 2018, the US launched the Infrastructure Transaction and Assistance Network.^{38,39} In October, the US established new development finance partnerships with Japan, Australia, Canada and the EU, supported by significant new resources and authorities in the Better Utilization of Investments Leading to Development Act or the BUILD Act.⁴⁰ The US seeks to support private sector-led infrastructure financing, work cooperatively with other countries for joint financing, and improve host countries' capabilities to identify and avoid (or mitigate) risks associated with foreign infrastructure borrowing.⁴¹ In November the same year, Pence announced plans to coordinate with Japan on US\$10 billion in regional energy investment; establish a US-ASEAN Smart Cities Partnership; launch a five-country partnership for electrification in Papua New Guinea; and commence the Indo-Pacific Transparency Initiative to strengthen civil society and good governance, allowing countries attract high-quality investment while countering corruption and coercive threats to their sovereignty.⁴² "A Free and Open Indo-Pacific: Advancing a Shared Vision," a report released on 4 November 2019, states that under the Trump administration, the Department of State and the US Agency for International Development (USAID) have provided the region with US\$4.5 billion in foreign assistance.⁴³ The report further states that the US is the largest source of foreign direct investment (FDI) in the Indo-Pacific and has conducted over US\$1.9 trillion in two-way trade with the region, supporting more than three million jobs in the US and 5.1 million jobs in the Indo-Pacific.

Washington has been engaging other regional governments to jointly pursue infrastructure building in the Indo-Pacific. Together with Japan,

India and Australia, the US has been examining ways to set up financing schemes to mend the connectivity gaps in the region. In 2018, the US signed a trilateral agreement on development finance cooperation with Japan and Australia. This trilateral partnership is supporting a five-country electrification partnership in Papua New Guinea and scoping prospective projects in the energy, digital and transportation sectors of several Southeast Asian and Pacific Island countries.⁴⁴

In 2017 American and Japanese agencies signed a memorandum of understanding (MoU) to provide high-quality energy infrastructure for emerging Indo-Pacific economies.⁴⁵ The two countries are also working together under the Japan–US Strategic Energy Partnership (JUSEP) and Japan-US Strategic Digital Economy Partnership (JUSDEP) to improve energy and infrastructure from the Indo-Pacific to the east coast of Africa. In October 2019, they signed the US–Japan Trade Agreement⁴⁶ and the US–Japan Digital Trade Agreement.⁴⁷ The USAID and the Korea International Cooperation Agency (KOICA), too, are working out a MoU to expand development collaboration across the Indo-Pacific region.⁴⁸

With the ASEAN countries, the US promotes shared approaches to cyber security and digital trade, creates opportunities and small and medium-size enterprises, and encourages women and youth innovators and entrepreneurs. Further, it supports the ASEAN Economic Community by reducing the cost of doing business and streamlining trade. A large part of American investment in the Indo-Pacific is directed to ASEAN, e.g. US\$271 billion in 2018.⁴⁹ The US Support for Economic Growth in Asia (US-SEGA) was launched in 2018 to help partners adopt high-standard, comprehensive trade and investment policies in areas such as regulatory requirements, women in science and technology, digital economy and cyber security.⁵⁰ In September 2019, the US announced a new US\$100 million “Pacific Pledge”.⁵¹ As part of the

Pacific Pledge, USAID will provide US\$62 million in new programmes over the next year, more than double that of the previous development assistance. In 2020, the US made an initial grant to the ADB's Pacific Region Infrastructure Facility (PRIF) to support infrastructure planning in the Pacific Islands.⁵²

So far, the Trump administration has sought to avoid multilateral initiatives in the Indo-Pacific. Instead, it has pursued security in bilateral and minilateral (trilateral and quadrilateral) settings and pushed private-sector economic initiatives amidst budget cuts in aid. In November 2017, speaking at the APEC Summit in Vietnam, Trump had expressed his willingness to negotiate bilateral trade agreements: "What we will no longer do is enter into large agreements that tie our hands, surrender our sovereignty, and make meaningful enforcement practically impossible."⁵³

2. Defence and Security

The current administration claims that the US has sold US\$9.42 billion worth of arms and provided more than US\$500 million in security assistance to regional states over the last 12 months,⁵⁴ and provided more than US\$1.1 billion for Department of State and USAID security cooperation in South and Southeast Asia. This includes US\$356 million for programmes such as the Department of State's Southeast Asia Maritime Security Initiative (SAMSI) and the Bay of Bengal Initiative.⁵⁵ At the APEC Summit in November 2018, Pence announced that the US and Australia would jointly upgrade a naval base on Manus Island in Papua New Guinea. This project reflects Washington's and Canberra's concerns over China's growing influence in the South Pacific and the speculation that Beijing is seeking to establish a military facility in the region.⁵⁶

With India, the US signed the Logistics Exchange Memorandum of Agreement (LEMOA) in August 2016. This paves the way for mutual use of each other's bases in both oceans. Additionally, India has now been given the status of a Major Defence Partner (MDP) in the ARIA.⁵⁷

On the South China Sea, the Trump administration has increased the pressure on Beijing to counter its militarisation of the dispute. In May 2018, the Pentagon disinvited the PLA-Navy from the biennial Rim of the Pacific naval exercises off Hawaii, in response to reports that China had deployed anti-ship cruise missiles to its artificial islands in the Spratlys. At the US-China Diplomatic and Security Dialogue in November 2018, the former asked China to remove its missile systems from those features. It has also enhanced security cooperation with Southeast Asian countries through the Indo-Pacific Maritime Security Initiative, originally established by the Obama administration, and the funding has been increased and extended until 2024.⁵⁸

In the South China Sea, the US has increased its freedom of navigation operations, conducting two in 2019, challenging Beijing's efforts to strengthen its maritime claims in the disputed waters. In January 2019, the USS McCampbell sailed near the Paracel Islands, and on 11 February 2019, the USS Spruance and the USS Preble sailed near Mischief Reef in the Spratlys, both actions triggering condemnation from Beijing. According to a defence department report, Washington reportedly carried out five such operations in 2018 and four in 2017; there were four in 2016, and four as well in 2015.⁵⁹

However, according to Collin Koh, a research fellow at the S. Rajaratnam School of International Studies at Nanyang Technological University in Singapore, "[F]reedom of navigation operations would not be enough to change Beijing's actions in the South China Sea." The US must use a more "holistic set of instruments in a more concerted manner."⁶⁰

While the US has supported talks between the ASEAN and China for a Code of Conduct (CoC) for the South China Sea, it insists that the final agreement must be acceptable to all stakeholders and guarantees maritime rights enshrined in the UN Law of the Sea Convention (UNCLOS). This is in response to a Chinese clause in the ASEAN–China single draft negotiating text for the CoC, by which Beijing seeks to wield a veto over military exercises between the ASEAN states and other countries in the South China Sea, to undermine America's military relationships in the region.⁶¹

May 2019 witnessed the first joint sail by US, Indian, Japanese and Philippines navies through the South China Sea.⁶² The ASEAN–US Maritime exercise (AUMX) commenced at Sattahip Naval Base in Thailand on 2 September 2019 and ended in Singapore on 6 September 2019. Consequently, warships from much of the region, including the US, had to pass through Chinese-claimed waters in the South China Sea, presumably without prior approval. The exercises were reportedly limited to vessel boarding, search and seizure, search and rescue, domain awareness, interoperability in maritime asset tracking, and division tactics. Cambodia, Laos, Malaysia and Indonesia participated only as observers. Of note was the active participation from Myanmar, whose military commander-in-chief has previously been sanctioned by the US over the extrajudicial killing of Rohingya Muslims. The Philippines participated as well, despite President Rodrigo Duterte's engagement with China. The AUMX provides a unique opportunity for the US to engage with ASEAN as a whole.⁶³

3. Diplomatic Engagements

At the start of 2018, the State Department Assistant Secretary for the Bureau of East Asian and Pacific Affairs stressed the importance of “strengthening US partnerships in the Indo-Pacific.” The US' diplomacy

has long operated a network of bilateral alliances across the Pacific, most importantly with Japan and Australia. Such alliances were formed over Cold War concerns about the Soviet Union but have since been strengthened further due to China's rise. Traditional Pacific alliances have been complemented by the recent eastwards security partnerships with Vietnam, Singapore, Indonesia and India.⁶⁴

A strong bilateral military cooperation between the US and Japan has been further strengthened in the Ryukyu chain and around Guam in the West Pacific. Trump's specific adoption of the Free and Open Indo-Pacific framework in autumn 2017 followed from Japan's initiation of the concept in 2016.⁶⁵ The Japan-US alliance is an international public good that guarantees the defence of not only Japan but also South Korea, as well as the peace and stability of the Indo-Pacific region. Foreign and security policy experts in Japan, the US, South Korea and Southeast Asia widely share this view. With the heightened level of North Korea's missile and nuclear capabilities, strengthening the Japan-US alliance and the Japan-US-South Korea security cooperation is crucial.⁶⁶

The US' security links with Australia have also been strengthened. Since 2011, the annual AUSMIN (Australia-United States Ministerial Consultation) meetings have discussed the Indian Ocean as well as the Pacific Ocean, and have expressed concerns about Chinese actions in the South China Sea. An Indo-Pacific orientation became explicit in 2017, with AUSMIN pledging "to increase bilateral collaboration in relation to the Indo-Pacific" (US-Australia 2017). The 2018 summit between Donald Trump and then-Prime Minister of Australia Malcolm Turnbull cast the relationship in suitable Indo-Pacific anchoring.⁶⁷ Canberra has also been focused on Chinese political engagement, investment, and influence operations globally, particularly in the Pacific Islands, a region Australia considers strategically important to its own interests.

Australia, New Zealand, and the US held an inaugural Pacific Security Cooperation Dialogue in June 2018 "to discuss a wide range of security issues and identify areas to strengthen cooperation with Pacific Island countries on common regional challenges."⁶⁸

The primary focus of the US' significant shift from Pacific to Indo-Pacific security arrangements is on India. The Joint Statement drawn up between Trump and Modi in June 2017 defined the two countries as "democratic stalwarts of the Indo-Pacific," ready to cooperate as "responsible stewards of the Indo-Pacific." The latest Maritime Security Dialogue, held in April–May 2018, "discussed developments in the maritime domain of the Indo-Pacific," in light of the growing dominance of China in the maritime domain—the Western Pacific for the US and the Indian Ocean for India.⁶⁹

The strategic trilateral arrangement between the US, Australia and Japan is particularly well-established. In August 2018, they signed an agreement that "underscored their commitment to working together to maintain and promote a free, open, prosperous and inclusive Indo-Pacific region," recorded their "serious concerns" over Chinese actions in the South China Sea, and announced that the US Overseas Private Investment Corporation was working with the Australian Department of Foreign Affairs and Trade and the Japanese Bank for International Cooperation on "significant infrastructure investment needs in the Indo-Pacific."⁷⁰

The US, India and Japan Trilateral meeting in April 2018, "agreed to remain engaged and strengthen cooperation in support of a free, open, prosperous, peaceful, and inclusive Indo-Pacific region."⁷¹ In 2015, Japan had permanently joined the annual US–India Malabar exercises, which alternate between the Western Pacific and the Indian Ocean. An important geo-economic offshoot of this trilateral was seen in 2018,

with the countries agreeing “to continue to collaborate to promote increased connectivity in the Indo-Pacific,” as an overt alternative to China’s MSR initiative. In February 2018, Washington held a successful Trilateral Infrastructure Working Group meeting, where the US Overseas Private Investment Corporation promised to provide grants, loans and insurance to help local companies tackle various infrastructure projects linking South Asia and Southeast Asia. India, US and Japan private sectors agreed to share information on their current Indo-Pacific projects with their trilateral counterparts, with joint loans and joint ventures also presented for consideration.⁷²

The US’ strategic intent behind these alliances is the renewal of the Quad between the US, Australia, India and Japan, first proposed in 2007. After being shelved following Chinese criticisms, and Australian and Indian hesitations, the Quad was revived in November 2017 over consultations on the Indo-Pacific.⁷³

REGIONAL RESPONSES: OPPORTUNITIES AND CHALLENGES

All regional states have their own Indo-Pacific strategy. So far, the Trump administration’s vision of a “Free and Open Indo-Pacific” has been met with positive reactions from certain regional states. Japan’s version of “Free and Open Indo-Pacific” strategy can be teased out from Japanese Prime Minister Shinzo Abe’s speech, “The Confluence of the Two Seas.” It emphasises the importance of “maintaining and strengthening a free and open maritime order based on the rules of law in this region ... and making the seas ... a ‘global commons’ that brings stability and prosperity to all countries.”⁷⁴ India, having incorporated the Indo-Pacific concept in 2012 to showcase New Delhi as a regional power, envisions the region as free, open, rules-based and inclusive. Australia’s 2017 Foreign Policy White Paper depicts the country as “determined to realise a secure, open and prosperous Indo-Pacific,”

with an interest in maintaining the balance of power in the region,⁷⁵ which aligns with the US policy. Australia's vision is also one that includes a fully-engaged United States.⁷⁶ Indonesia's concept of Indo-Pacific collaboration rests on the principles of openness, transparency, inclusiveness and upholding international law.⁷⁷ In its recently released "Outlook on the Indo-Pacific," ASEAN discusses the "need to consistently come up with its collective leadership in forging and shaping the vision for closer cooperation in the Indo-Pacific and to continue to maintain its central role in the evolving regional architecture in Southeast Asia and its surrounding regions."⁷⁸ But new formulations of an Indo-Pacific region have raised concern for some in ASEAN, as they could lead to new diplomatic and security architectures that may weaken ASEAN's role in regional discussions or may not include all ASEAN's members.⁷⁹

At the same time, there are differences in the Indo-Pacific visions of some countries when compared to that of the US. For instance, Japan's Free and Open Indo-Pacific strategy differs from the US formulation in some ways, particularly in how the region is defined geographically. Tokyo has a broader view of the Indo-Pacific, encompassing not just the Indian Ocean but extending to the east coast of Africa. Because of constitutional limitations on Japan's military, Tokyo's Indo-Pacific focus is on infrastructure improvement, trade and investment, and governance programmes—another key difference from the Trump administration's Indo-Pacific strategy which includes significant military and security elements. As the recently released Congressional Research Service Report, "Indo-Pacific Strategies of US Allies and Partners: Issues for Congress" notes, "Overall, Japan aims for efforts with the United States to remain on a similar trajectory as the past, but it places more emphasis on cooperation with Australia and India, and less with South Korea."⁸⁰ Japan's defense relationships with countries other than the United States are less developed but Japan is actively working

to expand its security partnerships beyond the United States. Some analysts suggest these efforts reflect concern about the durability of the U.S. alliance and a general need to diversify security partners.⁸¹

The ARIA provides the Trump administration the opportunity to engage those Southeast Asian states that share some convergent interests with the US. Small and medium-size countries are caught between China and the US. While they are apprehensive of the regional order changes resulting from China's rise, they also do not want to lose their share of the dividends brought about by China's economic development.⁸² Some of the more forward-leaning Southeast Asian countries, such as Singapore and Vietnam, share Washington's strategic concerns over China's rising assertiveness. Other Southeast Asian states, such as Indonesia, have their own conceptions, which are intentionally distinct but have some overlap with the FOIP strategy.⁸³

Currently, there are lingering regional suspicions about the focus and intent of the strategy. The attending Southeast Asian nations were critical of Trump's decision to miss the October 2019 ASEAN Summit, sending Assistant to the President for National Security Affairs Robert O'Brien as his special envoy. Further, some Southeast Asian leaders themselves refused to attend the Summit with the US in November 2019 as a response to Trump's absence from the annual ASEAN summit in Bangkok which was held in October 2019. This was the second straight year that President Trump had decided to avoid the annual ASEAN Summit. According to Alex Homes from Capital Economics, "The US withdrawal was a very strong symbolic act and the trend is continuing. It's allowing China to advance its influence in the region."⁸⁴

Many Asian policymakers have raised questions about how the US will implement its plans to advance economic cooperation in the three promised areas, i.e. trade, investment and infrastructure.⁸⁵ While US

officials have repeatedly defined the FOIP strategy as a comprehensive, whole-of-government approach to defend a set of principles with willing and able allies and partners, there are concerns that it may only be a narrow, security-centric effort to counter China. Even Washington's closest partners realise that this would find fewer takers in the region because it risks fomenting divisions and leaves the demand for US economic engagement unaddressed.⁸⁶

According to some analysts, the China–US rivalry in Asia, especially in the South China Sea, will intensify with the passage of the American legislation underlining Washington's commitment to the region. The ARIA signals the US' desire to retain its allies and mobilise them against China. "Despite recent easing tensions, the act's broad regional scope meant we would likely see gradual effects impinging on Sino-US rivalry in Southeast Asia."⁸⁷ The US–China rivalry has triggered concerns in the region, with Singapore Prime Minister Lee Hsien Loong warning that Southeast Asian nations may be forced to choose between the two nations.⁸⁸ For middle powers such as members of the ASEAN, hedging between the two might be the best course of action. However, this will be difficult to sustain if Washington decides to pursue a zero-sum game.⁸⁹

Regional players are also concerned about the sustainability of Trump's Indo-Pacific strategy and whether the Trump administration will keep its promises. This scepticism comes from the disarray evident in the Trump administration in the area of policymaking, and actions such as pulling out of multilateral trade agreements (e.g. the TPP).⁹⁰

Washington's plans to engage the region in the realm of connectivity/infrastructure have met with a relatively positive feedback. Several Indo-Pacific stakeholders applauded America's agenda to supply infrastructure alternatives. However, the fund allotted

is merely US\$1.5 billion per year for the next five years, compared to the vast sums that China is deploying for its BRI in Asia and beyond.⁹¹ A key element of the US-led initiative is to secure funding for massive infrastructure building in the Indo-Pacific region. So far, however, private funding has been difficult to secure.⁹²

The inability of the US to fund its own infrastructure spending needs, let alone those of Asian nations, was further highlighted when Trump announced a US\$1 trillion infrastructure spending plan, of which his government is able to meet only a fraction.⁹³ He has been discussing a new public-private infrastructure bank to remedy this, but the result remains to be seen. Announcing the Indo-Pacific forum at the US Chamber of Commerce in Washington, Pompeo said that developing countries in the region must attract nearly US\$26 trillion in capital to fund their infrastructure needs. Beyond pledging a nominal initial contribution of US\$113 million, he made no mention of where such money can come from.⁹⁴

Regional stakeholders are rightly sceptical about the extent to which America can implement its connectivity policy. As of 2016, US corporations had US\$1.7 trillion in savings, US\$1.2 trillion of which was parked overseas, but the private sector is apprehensive due to the region's poor investment grade credit ratings and scarce availability of bankable projects. One study found that 55–65 percent of the connectivity projects in Asia are not bankable without support from governments or multilateral financing institution.⁹⁵ Infrastructure financing by US firms in Asia has declined since the Asian Financial crisis of 1997–98, as American resources were diverted to fulfil rising connectivity demands within the country.⁹⁶ Additionally, the US business model renders its public officers unable to effectively rally the private sector to invest where they desire. Many regional actors also doubt the US' ability to tailor connectivity programmes to fit the needs

of a region so diverse, as different Indo-Pacific economies are at dissimilar stages of development.⁹⁷

In the area of investment, Asian nations have welcomed the principles laid out by the Trump administration, especially increased private-sector investment, encouraging investment projects that can boost entrepreneurship and innovation by aligning economic goals. However, there is some apprehension, since little is known about the rules and regulations that will promote or uphold the stated principles. Indo-Pacific policymakers have questioned Washington's willingness to work with Asian actors to jointly develop rules to bolster good investment governance architectures, fearing that the US might unilaterally create rules and impose them on other regional stakeholders.⁹⁸

A central feature of the ARIA is the Quad. While the four nations have different conceptions of the Indo-Pacific, they are unified by a commitment to democracy. Japan has been especially active in promoting the democratic nature of the Quad. Prime Minister Abe referred to it as "Asia's democratic security diamond" and his former Foreign Minister Taro Aso introduced the concept of "value-oriented diplomacy." Japanese diplomacy emphasises "the 'universal values' such as democracy, freedom, human rights, the rule of law, inclusivity and the market economy."⁹⁹ While the democratic aspect of the Quad is important, it is overstated. Several Asian countries are not involved, e.g. South Korea. For now, the guiding principle of the Quad seems to be a mutual concern regarding China's rise, which threatens the Asian order. Despite this, the group's cohesion is weak; leaders in India are especially wary of overtly provoking China.¹⁰⁰ Similarly, while the ASEAN countries may view China's rise and the ongoing US-China trade war as a threat, it has not mentioned this concern outright in its recently released "Outlook on the Indo-Pacific."

THE ROLE OF INDIA

The US' adoption of the term "Indo-Pacific" inevitably highlights India's importance in the regional economy, as posited by a senior White House member. It is not a surprising move, given the soaring US–India economic ties in recent years. According to the East-West Centre's publication "India Matters for America," bilateral US–India trade rose from US\$37 billion in 2007 to US\$109 billion in 2015. Washington's imports from New Delhi quadrupled from about US\$11 billion in 2000 to almost US\$45 billion in 2015. Additionally, the US' investment in India increased over a decade, reaching approximately US\$28 billion in 2015, while India's FDI in America was US\$9.2 billion in 2015. India is not only home to 1.3 billion people but more importantly, 600 million of those are under-25. This demographic is a huge potential market and young workforce (human capital), making India one of the key economic players in the Indo-Pacific economy and beyond.¹⁰¹

The US recognises "the vital role of the strategic partnership" with India "in promoting peace and prosperity in the Indo-Pacific region" and designates India as a "major defence partner," at a level "commensurate with the closest allies and partners of the US." India can take this opportunity to promote its interests in Southeast Asia; expand its presence in East Asia; strengthen its political, economic and military cooperation with the US and its allies; and comprehensively increase India's influence in international affairs.¹⁰²

The ARIA regards the Quad as being "vital to address the pressing security challenges in the Indo-Pacific region." However, while India has embraced the Indo-Pacific concept, it is cautious of the Quad and its role and future evolution. On the other hand, the US considers the Quad integral to its Indo-Pacific strategy. This could be a challenge to India's desire to refrain from participating in an overt containment of China. In

his speech at the Shangri-La Dialogue in Singapore in June 2018, PM Modi had defined Indo-Pacific as encompassing the entire oceanic space, starting the Western Pacific, crossing the Indian Ocean, and up to the eastern shores of Africa. However, a joint statement by Modi and Indonesian President Joko Widodo recognises ASEAN centrality in maintaining peace and security in the Indo-Pacific. Thus, in operational terms, India has tacitly accepted a more inclusive definition of the Indo-Pacific. Further, it will be a diplomatic challenge to reconcile the divergent views of Quad centrality versus ASEAN centrality in the Indo-Pacific.¹⁰³

The US must recognise that the Indian Ocean is the next frontline of world geopolitics. China's aggressive inroads into the Indian Ocean through military bases, port leasing and predatory economics present an imminent strategic challenge, by making the Indo-Pacific less free, less open, less secure and less prosperous for the US and India. In the midst of a global power flux, revival of strategic competition, rampant regional rivalries and concerns about the future of a liberal order, the two countries are well positioned to shape the future in ways that sustain the interests of both. The NSS describes India as central to US Indo-Pacific strategy and an essential component of Indo-Pacific security architecture, underscoring the need to meet the core challenge of China's economic and military assertiveness.¹⁰⁴ The US-India 2+2 dialogue, held in December 2019, provides a historic opportunity to lay the foundations of balanced and upgraded bilateral defence and security relations that deliver mutual reinforcement and preserve a stable balance of power in the Indo-Pacific.¹⁰⁵

India sees China as a more economically and militarily powerful rival, and is concerned about China's growing presence and influence in South Asia and the Indian Ocean region. Thus, Prime Minister Modi has articulated a vision of a free, open, and inclusive Indo-Pacific, and India has engaged Russia, Japan, Australia, and other Indo-Pacific countries

as potential balancers of China's influence while remaining wary of joining any nascent security architectures that could antagonise Beijing.¹⁰⁶

Despite the positive assessments presented in the Indo-Pacific Strategy Report, India and the US have fundamentally differing geographic conceptions of the Indo-Pacific, with the US considering the region's expanse from its west coast in the Pacific Ocean to India's west coast in the Indian Ocean and India regarding "Indo" to denote the whole of the Indian Ocean, stretching from the eastern coast of Africa till the Pacific island countries. The western Indian Ocean (including the Persian Gulf)—arguably the most strategically important subregion of India's Indo-Pacific—does not feature in the US conception.¹⁰⁷ India's approach to the Indo-Pacific differs in ways other than geography. "[I]t gives equal emphasis to the term 'inclusive' in the pursuit of progress and prosperity, including all nations in this geography and "others beyond who have a stake in it"; it does not see the region as a strategy or as a club of limited members; it does not consider such a geographical definition as directed against any country; nor as a grouping that seeks to dominate."¹⁰⁸

This divergence in strategic mapping signals divergent perceptions and strategies between the two countries. The US has consistently supported a bigger military role for India in the Pacific Ocean, whereas India deems the Indian Ocean as a clear priority over the Pacific. If India is a central partner for the US in the Indo-Pacific, the regional strategy must take into account the aims and objectives of both parties.¹⁰⁹ Amongst all the Asian subregions, Southeast Asia is often described as the most likely region for meaningful Indo-US cooperation. There is scope for converging regional objectives between India's Look East policy and the US rebalance in Southeast Asia. "India and the United States should each concentrate on assisting the creation of a region-wide maritime domain awareness system, as well as working in parallel

to develop the capacity of partner navies and maritime law enforcement agencies ... connectivity and infrastructure projects should be a renewed focus of Indian and US efforts in the region.”¹¹⁰

CONCLUSION

Although the concrete details of Trump's strategy for Asia are scant, a few things are evident. An uncertain future awaits the Indo-Pacific region, which had previously been accustomed to principled and largely predictable US leadership. Allies and rivals alike can no longer rely on Washington. It appears that a key development in the strategic landscape of the Indo-Pacific is that US allies and partners are developing closer strategic relations across the region as a way of hedging against the rise of China and the potential that the United States will either be less willing or less able to be strategically engaged.¹¹¹ The Obama administration's rebalance, despite its flaws, sought to demonstrate to the region that China's rise did not spell US decline. On the other hand, Trump's victory and his team's embryonic "America first" foreign policy could convince Asian states to give up on Washington.¹¹² Furthermore as the CRS report points out, "In particular, Trump Administration requests for large increases in allies' monetary contributions to basing cost has raised significant concerns about what future alliance arrangements may look like."¹¹³

Considering the Pacific bias in the US' vision of the Indo-Pacific, Southeast Asia is a primary theatre of interest. Vietnam, Indonesia and Malaysia, in particular, are identified in both the Indo-Pacific Strategy Report and the ARIA as crucial for ensuring stability and economic growth in the broader region. Additionally, the US has also stressed on fostering a deeper relationship with India. According to Richard M. Rossow, Senior Adviser and Wadhvani Chair in US-India Policy Studies, "If India is indeed to be a central pillar of the US vision for the Indo-

Pacific, it must be more deeply consulted in the development of a US strategy which reflects the interests of both strategic partners.”¹¹⁴ The US and India must jointly develop a common strategy that acknowledges the Chinese challenge in the Indian Ocean and the need to preserve the role of ASEAN in regional security.¹¹⁵

The regional policy should emphasise potential areas of cooperation to attract local partners, such as securing maritime commons and strengthening regional institutions. Currently, the Indo-Pacific region is faced with a vacuum of governance, not one of power.¹¹⁶ US diplomacy has been active in this field, by engaging with the Lower Mekong Initiative, APEC, ASEAN or the Indian Ocean Rim Association. Joining other projects, such as the Asia–Africa Growth Corridor led by India and Japan that provides investment for infrastructure in Eastern Africa, could also contribute to regional stability. The US must put these efforts at the centre of the policy and tone down the anti-China position.¹¹⁷ 

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