

Roundtable: "Asian Security Governance and Order" (May 29 – 30, 2012)

Plenary Session 4: US Strategic Interests and Roles in Asia

Hideki Asari

Japan Institute of International Affairs

1. What is the "value" for the US to be in Asia?
2. What is the "value" for having the US in Asia?
3. What are the US' strategic interests and its game plan?
4. Some questions (New "Cold War"? How sustainable is the US strategy?)
5. Whither Asia? / What would be the US role?

Since US Secretary of State Hilary Clinton contributed her article to the November issue of "Foreign Policy" and President Obama made a well-received speech in Canberra last November, "pivot" and "rebalancing" have become favorite terms in the glossary of foreign policy circles. These policy stances were made clearer still in the new US defense strategy announced at the beginning of this year. These moves have been welcomed by a number of countries in this region while received with caution by others. This paper seeks to analyze the background and motive of this pronounced US strategy toward Asia and to evaluate this strategy in the context of the desirable security governance order in Asia by attempting to answer the five questions above.

1. What is the "value" for the US to be in Asia?

In trying to answer this question, the first point that comes to mind is the vast economic power and potential of this region. President Obama, in his speech in Canberra in November last year, was clear on this point. The president stated, "Here, we see the future. As the world's fastest-growing region - and home to more than half the global economy - the Asia-Pacific is critical to achieving my highest priority: creating jobs and opportunity for the American people."<sup>(1)</sup>

Asia has long been one of the world's economic powerhouses. Asia boasts more than half of the world's GDP and population as well as a growing middle class and expanding markets, and half of the world's trade.<sup>(2)</sup> The Asia-Pacific features the three

biggest economies in the world, namely the US, China and Japan.

US trade with Asia is one-third of its worldwide trade and five of its top 10 trading partners are in Asia (Japan, China, Australia, India and ROK).<sup>(3)</sup> Many US companies look to Asia for growth opportunities, both in terms of trade and investment. In 2010, the US exports to the Pacific Rim totaled \$320 billion, supporting 850,000 American jobs.<sup>(4)</sup> Against this background, the future of the US lies in Asia, as President Obama expressed in his Canberra speech. This is reflected in various US policy statements and initiatives, including the US objective of doubling its exports in five years.

US exports are not limited to goods and services in which the US currently enjoys comparative advantage. There are goods that are not yet conspicuous among the exports from the United States to Asia but have vast potential. Trade in energy is a good example of one sector that can benefit both the United States by creating and supporting thousands of jobs and its trading partners in Asia by ensuring stable energy supply. Trans-Pacific trade in energy (export from North America to Asia Pacific) is currently conducted on a very modest level. For example, the share of the Trans-Pacific exports in natural gas in the total gas exports from North America is 0.96%, despite the huge potential of supply from North America.<sup>(5)</sup>

One should, however, not be confined to the notion that peace and stability in Asia is important for the United States merely because it is an important market for the US. Given Asia's enormous weight in the world economic system, its very prosperity and stability are essential for the prosperity of the rest of the world, which is of course a vital interest for the United States. More than 46% of all merchandise exports from Asia was destined for markets outside Asia in 2010<sup>(6)</sup>, and one should also take into account that Asia's exports destined for itself include intermediate goods which would be transformed into final goods destined for markets outside Asia. This demonstrates that Asia is a major and indispensable part of the global supply chain, and is yet another reason why freedom of navigation and safe sea lanes are of vital interest for the United States and its Asian partners.

At the same time, the emphasis given so far to the economic weight of Asia should not make us oblivious to Asia's importance in supporting the liberal order of international relations that features the rule of law, openness, democracy and human rights at its core and that has been a driving force for world peace and stability since the



end of the World War II. It is true that Asia used to be regarded as a region where “developmental autocracy” was more prevalent, where democracy and freedom were set aside for the sake of an “efficient” development strategy. It is no longer so, however, as seen in the growth of democracy in various countries, the most recent example being Myanmar. The rule of law is also essential in this region as a vehicle to solve differences and disputes not by contests of power but by reason. The United States can find reliable partners to support the liberal order in Asia. Being a part of Asia and actively committing itself to Asia is an important interest for the United States also from this respect.

## 2. What is the “value” of having the US in Asia?

Having discussed the value for the United States being in Asia, what then is the value of having the United States in Asia? First and foremost, the United States plays a central role in providing the valuable public goods of security and stability. The US presence and the bilateral alliances that support it have been a cornerstone for securing peace and stability in this region for more than sixty years. These have not only deterred potential aggressors but also secured free sea lanes, which are prerequisites for economic prosperity. Given the uncertainty of the strategic environment as seen, for instance, by the unpredictable behavior of North Korea, the US presence is an integral part of the security in this region. The US is also an important partner to work with in times of disaster such as earthquakes and tsunamis to which Asia is very prone. The rescue operations after the tsunami in late 2004 are still vivid in our memory and, of course, Japan is very grateful for all the assistance accorded to it last year.

The United States is also an important source of economic dynamism and innovation for this region. Despite all its current economic difficulties including their social aspects, the United States is the largest economy in the world, providing goods, services, capital, ideas and markets. The United States is one of the most active wellsprings of innovative entrepreneurship, giving rise to various new business and business models that stimulate competition and economies not only in the United States but also elsewhere in the world. Apple and Facebook have changed the way people communicate and interact with society, while advanced medical devices and drugs (The US is a source of innovation for medical device where its domestic market is 40% the size of the global market.<sup>(7)</sup>) has have increased the chances for better lives, just to name a few examples.

Last but not least, the United States is an important partner in supporting the liberal order of this region. To once again cite President Obama's Canberra speech, "(w)e stand for an international order in which the rights and responsibilities of all nations and people are upheld. Where international law and norms are enforced. Where commerce and freedom of navigation are not impeded. Where emerging powers contribute to regional security, and where disagreements are resolved peacefully. That is the future we seek." While there were occasions in the past when the United States was criticised for its disregard of multilateral process and institutions, the United States has been, all in all, active supporter and contributor of the rule of law and the liberal order, and President Obama's above remarks very eloquently express its long-standing commitment to those values, which is echoed by many in the region.

### 3. The US' strategic interests and its game plan

While the discussion so far has demonstrated the two-way values of the United States being a part of Asia, what specifically are the US strategic interests vis-à-vis Asia, and how does it intend to achieve them?

The major policy statements cited above indicate that the US' strategic interests are to secure a stable and prosperous Asia and to fully engage itself with it. It is in the US' interest to be a part of Asia's economic dynamism. The United States also has an interest in working with Asia to promote the liberal order and to work on global and regional issues such as climate change, non-proliferation and sea lane security.

This is the rationale behind its "pivoting" or "rebalancing". Some may see this "rebalancing" as a US reaction to China's recent behavior, especially in the South China Sea. This may be the case to some extent, just as the waning of the two wars in Iraq and Afghanistan has enabled the United States to devote more resources to Asia. However, as many US experts have noted, this policy stance was evident long before the above events. More fundamentally, given the rising role of Asia in the global economic and political theater, "rebalancing" is a logical consequence for the United States.



The US' game plan to attain its strategic goals is again well summarized in the aforementioned contribution by Secretary Clinton. There the secretary refers to "six key lines of action", which are:

- (i) Strengthening bilateral security alliances;
- (ii) Deepening (the US') working relationships with emerging powers, including China;
- (iii) Engaging with regional multilateral institutions, such as ASEAN, APEC, EAS, and ARF;
- (iv) Expanding trade and investment by means of such tools as APEC and FTA (e.g., KORUS, TPP);
- (v) Forging a broad-based military presence, which calls for a more broadly distributed military presence; and
- (vi) Advancing democracy and human rights.

What is evident from these "six lines of action" is the US determination to continue to play a central role in maintaining peace and stability in the region, to be an integral part of regional economic integration, to work with partners in the region on both bilateral and multilateral bases, and to be a co-worker in supporting the liberal order.

To call this a "return" of the United States is rather misleading, as this implies that the United States is an "outsider" that comes in and goes out. Its close economic interdependence and historic interaction with Asia since the end of World War II are clear evidence that the United States is a natural and integral part of Asia. The vast Pacific Ocean has long ceased to be an impediment. Thanks to advances in transport and telecommunication, the Pacific is by now small enough to be our "*mare nostrum*".

#### 4. Some questions

There are two questions frequently asked in relation to the US' "rebalancing" strategy: would this strategy have an excessive emphasis on the military aspect and thereby be detrimental to regional stability, as this strategy would be perceived as containment of China and would invite a reaction and raise tensions, and is this strategy really sustainable given the difficult fiscal situation of the United States.

Regarding the first question, it is not accurate to describe the US "rebalancing" as aimed at containment of China. It would be fair to say that no country has ever

attempted to contain China or could. In one of the recent roundtables, one participant said that only China can contain China<sup>(8)</sup>, implying that the events in 2009 and 2010 in South China Sea not only significantly affected the long accumulated diplomatic assets of China but have also set off alarm bells in the countries concerned. Unlike the Cold War era, the world is now more tightly integrated, with countries having greater stakes in each other. In this kind of environment, a containment policy does not make sense.

Having said this, it is nonetheless important to avoid misunderstanding and miscalculation, as these could lead to an unintended escalation of events. This is why enhancing measures for confidence building and cooperation is necessary, as is securing order based on the rule of law. This point will be elaborated on later.

The next question is how sustainable this strategy is. This question is asked in the United States as well. It is true that President Obama in his Canberra speech made it clear that the reductions in US defence spending will not come at the expense of the Asia-Pacific. However, it is also pointed out in the United States that, while US budget cuts will not lead to a reduction in US operations in the Indo-Pacific in the short term, further cuts, as may happen under the sequestration scenario, would lead to a radically different US military that has to choose among missions.<sup>(9)</sup>

There are two responses to this question. One concerns the growing importance of the roles, inside and outside the Asia-Pacific region, of the US' allies and partners, and Japan plays a significant role. In the Joint Statement released during Prime Minister Noda's visit to the United States at the end of April, the two countries expressed their commitment "to further enhance our bilateral security and defense cooperation" in which they "will pursue our respective commitments, including the development of Japan's dynamic defense force under the 2010 National Defense Program Guidelines, and the US strategic rebalancing to the Asia-Pacific..." At the same time, the two countries in this Statement renewed their commitment "to act together...in addressing global challenges such as terrorism, proliferation of weapons of mass destruction and piracy." The two countries can ensure sufficient deterrence and stability in the region by enhancing close cooperation and interoperability of the Self Defense Forces and US forces.

It is true that Japan also faces a difficult fiscal situation, with the ratio of government bonds outstanding to GDP being more than 140% at the end of March 2012



(the end of Japanese fiscal year 2011)(10), but this should not discourage Japan from playing an active role in regional stability. As the National Defense Program Guideline of December 2010 indicates, Japan will pursue efficient use of its defense budget by such means as improving joint operation capabilities, and prioritization, namely emphasizing ISR, maritime patrol, and air defense capabilities, etc., including in the southwestern region.(11)

At the same time, this region has also seen lately an emerging “network” of the US and its allies and partners built around the US’ hub-spoke alliance system. For example, Japan and Australia have been engaged in bilateral security cooperation as well as trilateral cooperation involving the United States, in particular since the Joint Declaration on Security Cooperation of March 2010. Most recently, the two countries signed the Agreement on the Security of Information on May 17, which will enable them to cooperate actively in information exchange related to security matters.

Another response to the question of the sustainability of the US’ “rebalancing” strategy would come from the US itself. While the “air-sea battle” concept now being developed by US forces is designed to more effectively counter the “anti-access and area-denial” capabilities of “those seeking to deny (US) power projection” by taking the “jointness” of navy and air force to a new level, this concept is also intended to improve the US’ power projection capabilities “in a smarter, more cost-effective way” under the looming domestic budgetary constraints(12), which would contribute to the sustainability of the “rebalancing” strategy. Having said this, however, the impact of a US budget sequestration, if effected from the beginning of 2013, could impose a significant burden on the United States in implementing its “rebalancing” strategy. Developments on this front require careful attention.

##### 5. Conclusion: Whither Asia? /What would be the US role?

Only the fanciful would dream about containing China. It is therefore equally fanciful to regard the US’ “rebalancing” strategy as such. This paper has demonstrated that the United States is a natural and integral part of Asia, and that its presence offers two-way values and benefits.

What kind of Asia do we want to build? It would be fair to sum this up as follows, and the United States should be regarded as a natural partner in all the points below.

The first is, of course, a peaceful and stable Asia where the differences among its members are resolved in accordance with the rule of law. Here, the United States and the alliance system play the central role in maintaining peace and stability. The alliance system, having come through the Cold War era, has been accorded a new, indispensable role in a non-adversarial context. The value and contribution of the U.S. presence and the alliance system are evident if one imagines Asia without them. That the United States not only possesses will and overwhelming capacity to be a stabilizer in Asia but also fully committed to the liberal order and rule of law differentiates it from a hegemon in a *realpolitik* sense.

At the same time, multilateral frameworks such as ARF, EAS, APEC and ADMM-plus, as well as endeavors involving their members, play important roles in enhancing confidence and promoting cooperation and the rule of law. It is especially important that confidence be enhanced among the countries in Asia so that misunderstanding and miscommunication do not lead to unintended escalation. From this viewpoint, various attempts at establishing dialogue and improving communications, the most recent example of which is the first round of bilateral consultations between Japan and China on maritime issues in May, merit attention and further work. It is equally important that all the countries in this region commit themselves to the rule of law and its basic principles, which include non-recourse to force or intimidation in resolving international disputes. ARF (ASEAN Regional Forum) is making steady (or slow, depending on one's viewpoint) progress along the "Three Step Approach" agreed in 1995, while EAS, a relatively new product, will also be a useful framework for confidence building and cooperation in the security field. At its summit meeting last November, the EAS leaders agreed that the international law of the sea contains "crucial norms that contribute to the maintenance of peace and stability in the region" and that the EAS countries are guided by the principles including "settlement of differences and disputes by peaceful means".<sup>(13)</sup>

Multilateral frameworks also play useful roles in promoting cooperation. Cooperation in the field of security, such as non-proliferation and disaster relief, will not only enhance the collective capacity of this region to counter common security challenges but also help confidence building by habituating this region to working together. For example, ARF is not only working on confidence building and preventive diplomacy, but also working on such issues as non-proliferation,



counter-terrorism and disaster response. In March, 2011, the ARF Disaster Relief Exercise (DiRex) was conducted in Indonesia with the participation of more than 4,000 personnel from 25 countries, regions and organizations. Expanding membership in the PSI (Proliferation Security Initiative), covering not only Asian countries but also other major players, will also strengthen this region's capacity to counter the proliferation of weapons of mass destruction through effective port control and maritime interdiction.

Second, an economically vibrant Asia is a necessity not only for the sake of Asia itself but also for that of the rest of the world. Sound economic policy and policy coordination are essential to ensure that Asia continues down the path of sustainable development. Over the horizon of Asia's current economic performance loom such risks as aging of societies. Japan has already become an aging society, followed by China, where the working age population should start to decline around 2025, followed in turn by ASEAN countries. In order for Asia to remain vibrant and competitive, economic integration for freer movement of goods and services must be actively pursued. As the APEC Yokohama Vision of 2010 states, an FTAAP (Free Trade Area of Asia) should be pursued by developing and building on ongoing regional undertakings such as the Trans-Pacific Partnership, ASEAN+3, and ASEAN+6.<sup>(14)</sup>

Another potential risk, both in terms of economics and security, is energy. Asia's energy consumption is expected to double from 3.9 billion ton in 2009 to 7.6 billion ton in 2035 (oil equivalent), while its share in the world's total consumption is expected to rise from about 35% in 2009 about 44% in 2035.<sup>(15)</sup> Such an increase in energy demand would make Asia even more vulnerable to disruptions of its energy supplies, given that a large portion of these comes from regions of uncertainty if not instability, while the competition for energy has intensified maritime disputes in this region. Moreover, the inefficiency of energy consumption is one of the factors responsible for the increase in carbon emissions, which is also a cause of concern from a security viewpoint. All these issues related to energy warrant intensified cooperation in Asia on energy, both in terms of stable energy supply and energy efficiency.

The case for trans-Pacific energy cooperation can be made in this context. Supplies of natural gas to Asia have hitherto come mainly from the south and west, with the supply from the west, namely the Middle East, particularly vulnerable to geopolitical factors as well as geographical chokepoints. As this paper discussed earlier, the supply of natural gas from the other side of the Pacific has so far been very

modest, despite there being a vast potential supply in North America. Though there are hurdles to overcome, including environmental concerns in developing shale gas in North America and possible concerns about natural gas pricing (The price of natural gas in the United States is significantly lower than the world price (16), as the US market is not closely integrated into the world market, so there could be arguments in the United States, e.g. from gas users, against any arrangement that would raise natural gas prices.), trans-Pacific trade in energy would significantly contribute to a stable supply of energy to Asia, and would mitigate to some extent the sources of dispute in this region.(17)

The discussion in this paper has demonstrated the relevance of the US' "rebalancing" strategy in the current context of Asia. It is true that one cannot completely rule out uncertainty on the sustainability of this strategy in the light of US domestic politics, which experts in the United States themselves admit is polarized and divided to the extent to "tie the country in knots".(18) It is again true, as demonstrated by U.S. experts, that US foreign policy has not been free from digression, especially in the wake of changes of administration.(19) It is, however, also true that Asia without the engagement and commitment of the United States is something that the countries of this region cannot afford, nor would it be in the interest of the United States itself.

*Hideki Asari is Deputy Director-General of the Japan Institute of International Affairs. The views expressed here are those of the author and do not necessarily reflect the views of the organization with which he is affiliated.*

Notes:

- (1) President Barack Obama's speech in the Australian House of Representatives, November 17, 2011
- (2) Based on the data in the website of Statistical Bureau, Cabinet Office (<http://www.stat.go.jp/data/sekai/03.htm>)
- (3) Article by Professor Satoshi Morimoto of Takushoku University, in *Kokusai Mondai (International Affairs)* (Japan Institute of International Affairs), March 2012



- (4) "Asia's Pacific Century" Secretary Hilary Clinton in *Foreign Policy*, November 2011
- (5) BP Statistical Review of World Energy 2011
- (6) The website of the World Trade Organization (Intra- and inter-regional merchandise trade 2010)  
([http://www.wto.org/english/res\\_e/statistics\\_e/its2011\\_e/its11\\_world\\_trade\\_dev\\_e.htm](http://www.wto.org/english/res_e/statistics_e/its2011_e/its11_world_trade_dev_e.htm))
- (7) A brief paper on the JETRO website, March 2012  
([http://www.jetro.go.jp/jfile/report/07000902/us\\_medical\\_enhancement.pdf](http://www.jetro.go.jp/jfile/report/07000902/us_medical_enhancement.pdf))
- (8) Discussion in the 18<sup>th</sup> Japan-U.S. Security Seminar (organized by CSIS Pacific Forum, Japan Institute of International Affairs, and Consulate-General of Japan in San Francisco), March 23-24, 2012
- (9) Dr. Michael Auslin, *Wall Street Journal*, February 6, 2012
- (10) The website of Ministry of Finance (<http://www.mof.go.jp>)
- (11) The National Defense Program Guideline, Cabinet Decision, December 17, 2010
- (12) "Air-Sea Battle---Promoting Stability in an Era of Uncertainty" by General Norton Schwartz, Chief of Staff of the U.S. Air Force, and Admiral Jonathan Greenert, Chief of Naval Operations, *The American Interest Magazine*, February 20, 2012
- (13) Declaration of the East Asia Summit on the Principles for Mutually Beneficial Relations, November 19, 2011.
- (14) "The Yokohama Vision" at the 18<sup>th</sup> APEC Economic Leaders' Meeting, November 13-14, 2010
- (15) Mr. Yuji Matsuo, Institute of Energy Economics, Japan, November 30, 2011  
(<http://www.aec.go.jp/jicst/NC/tyoki/sakutei/siryosakutei9/siryo2-3.pdf>)
- (16) According to an *AJISS Commentary* article by Mr. Junichi Iseda on March 8, 2012  
([http://www.jiia.or.jp/en\\_commentary/201203/08-1.html](http://www.jiia.or.jp/en_commentary/201203/08-1.html)), while the price of LNG (liquefied natural gas) imported to Japan averaged out at around \$14.60 per mmbtu (million British Thermal Unit) in 2011, the average Henry Hub (HH) natural gas price (price of natural gas in the U.S.) was around \$4 in the same year, though liquefaction and shipping costs need to be taken into account to make comparison on an export term.
- (17) For further discussion on trans-Pacific energy cooperation, see "The China Challenge: Military, Economic and Energy Choices Facing the U.S.-Japan Alliance" (Center for New American Security, April 27, 2012) to which Japan Institute of International Affairs contributed by co-organizing an energy security roundtable. For the content of the discussion of this roundtable, see also a summary report by Japan Institute of International Affairs (currently in Japanese only)  
([http://www2.jiia.or.jp/pdf/resarch/H23\\_JIIA-CNAS/H23\\_JIIA-CNAS.pdf](http://www2.jiia.or.jp/pdf/resarch/H23_JIIA-CNAS/H23_JIIA-CNAS.pdf)).

(18) "The Democratic Malaise" by Professor Charles Kupchan, *Foreign Affairs*, January/February 2012

(19) See, for example, Chapter 3 of "Obama and China's Rise" by Mr. Jeffrey Bader