

THE BROOKINGS INSTITUTION

WEBINAR

THE FUTURE OF ASIA:
CHARTING A ROADMAP FOR U.S. ENGAGEMENT AND LEADERSHIP

Washington, D.C.

PARTICIPANTS:

Opening Remarks:

JOHN R. ALLEN
President
The Brookings Institution

Discussion:

MIREY SOLIS, Moderator
Philips Knight Chair in Japan Studies
Senior Fellow and Director, Center for East Asia Policy Studies
The Brookings Institution

RICHARD C. BUSH
Nonresident Senior Fellow, Center for East Asia Policy Studies
The Brookings Institution

RUSH DOSHI
Fellow and Director, China Strategy Initiative, The Brookings Institution
Brookings-Yale Fellow, Paul Tsai Center Chair, Yale Law School

LINDSEY W. FORD
David M. Rubenstein Fellow, Center for East Asia Policy Studies
The Brookings Institution

RYAN HASS
Fellow, Michael H. Armacost Chair and Interim
Chen-Fu and Cecilia Yen Koo Chair in Taiwan Studies, The Brookings Institution
Nonresident Fellow, Paul Tsai China Center

JONATHAN STROMSETH
Senior Fellow and Lee Kuan Yew Chair in Southeast Asian Studies, Foreign Policy
The Brookings Institution

* * * * *

P R O C E E D I N G S

GENERAL ALLEN: Ladies and gentlemen, good morning. And to those of you joining us around the globe, heartfelt good afternoon and a good evening.

My name is John Allen, I'm the president of The Brookings Institution. And it is a great pleasure for me today to welcome you all to today's event, which is the "Future of Asia: Charting a Road Map for U.S. Engagement and Leadership."

This event marks the conclusion of a two-year long project entitled Sustaining the East Asian Peace, organized by the Brookings Center for East Asia Policy Studies and our Foreign Policy Program. The project examines regional dynamics in East Asia over the past 40 years, a period when the region enjoyed relative peace and prospered economically. The project seeks to better understand how stability and economic opportunity were sustained and how they can be maintained as we go forward.

Now over a year ago, in June, 2019, I was proud to join many of my colleagues who are with us today for the Asia launch of this project in Taipei. There we were most honored to have Taiwan's Foreign Minister, Joseph Woo, an old friend, offer remarks at the conference, which focused on regional hotspots, including the Taiwan Strait, the Korean Peninsula, and the East and South China Seas. Indeed, these regions where tensions continue to run high and where conflict in any form would have a devastating impact are very much on our scope and we continue to study them closely because that conflict would have devastating political, economic, and of course human consequences.

So the United States therefore shares with our dear friends and allies in the region an abiding interest in addressing these security challenges in order to maintain the region's stability. The Sustaining East Asian Project also pays close attention to the new complexities of the U.S./China strategic competition, especially with respect to emerging technologies such as artificial intelligence, 5G, and quantum computing.

As the battle for tech supremacy intensifies over time the risks of fragmented or even a bifurcated U.S./China technological ecosystem cannot be ruled out.

So the truth is East Asia's political and economy stability over the past four decades have

contributed to Asia's singular achievement of lifting hundreds of millions of people out of poverty and creating a global middle class that has reshaped not just the global economy, but global politics.

In recent years the regional economy has seen significant developments, including the launch of two large scale infrastructure investment initiatives. The Belt and Road Initiative and the Partnership for Quality Infrastructure. It's also seen the signing of two mega trade agreements, the Comprehensive Progressive Transpacific Partnership, the CPTPP, and the Regional Comprehensive Economic Partnership, or the RCEP.

So with East Asia's economy hold growing over time, many countries' futures are bound more closely, inextricably even, to the region. Perhaps none so more than the United States. So as such we look more closely at regional dynamics to better understand Asia's future trajectory and to determine the role that the United States can, and actually should, play there. Not to mention how we can cooperate with our dear friends and allies over so many years in that region to address such global issues such as the ongoing pandemic and climate over time.

So for today's event we've brought together a panel of Brookings experts who will address all of these issues, specifically discussing what lies ahead for Asia and what is driving the dynamics of the region. They will also share their perspective on America's role in the region and how the incoming Biden administration can and should formulate American foreign policy towards Asia.

So shortly I'll turn our program over to Mireya Solis, the Director of our Center for East Asia Policy Studies, who will introduce and moderate the panel.

But to close, a quick reminder. We're streaming live and we're very much on the record. And should the audience members wish to submit questions, please send them to us at events@Brookings.edu. That's events@Brookings.edu or via Twitter to the account [@BrookingsFP](https://twitter.com/BrookingsFP), using [#FutureOfAsia](https://twitter.com/hashtag/FutureOfAsia).

So once again, ladies and gentlemen, welcome to this event, we're very glad you've been able to join us. And with that let me turn the floor over to Mireya. Ma'am, the floor is yours.

MS. SOLIS: Thank you very much, John, for that wonderful start. And also I want to appreciate the support you have provided to the project Sustaining the East Asia Peace. It has been a very rewarding intellectual enterprise. We first gathered in Washington, D.C. in the spring of 2019 to kick

start and launch these projects and we have had convenings in Taipei, in Tokyo and Singapore. And the pandemic did not stop us, we were able to continue with these policy exchanges, and this brings us to today's closing session, this webinar.

And the purpose for this session is to reflect on the knowledge and the wisdom gained through these exchanges, but also to look at the future and offer our recommendations for the next administration on Asia policy.

I'm very pleased to be joined by stellar colleagues here at Brookings, and I will introduce them very briefly. Richard Bush, in fact, needs no introduction. Richard has made the Center for East Asia Policy Studies what it is today. He was director of the center for 16 years, he was the inaugural Fu chair on Taiwan Studies, and is currently a nonresident senior fellow.

Jonathan Stromseth is senior fellow and the Lee Kuan Yew chair in Southeast Asian Studies. Lindsey Ford is a David Rubenstein fellow in the Foreign Policy Program. Ryan Hass is a Michael Armacost chair and interim Koo chair in Taiwan Studies. And last but not least, Rush Doshi is fellow and director of the China Strategy Initiative. I also want to emphasize the point that John made that we want to hear from you. We encourage you very much to send your questions, and you can do so via email to events@Brookings.edu, or by twitter @BrookingsFP using the #FutureOfAsia.

So now let the conversation begin.

You know, the Asia of 2020 is very different from the Asia of two decades ago or four decades ago. At the more macro level the rise of China and the onset of great higher competition have conformed regional dynamics. But there is plenty of change elsewhere. For example in the evolution of U.S. alliances, heightened tension in regional hotspots, the greater agency of Asian countries in building a regional architecture for security and economic cooperation, and the disruptive impact of new technologies.

So to get started with this conversation I want to look at the big picture. The big transitions, the trend lines, if you will. And I would like to ask Richard and Ryan to get us started and to discuss, in your view, what has changed in Asia over the last several decades at this macro level. And what do these changes mean for the durability of the long peace. Which, Richard, why don't we start with you? I think you're muted, Richard.

MR. BUSH: Thanks, Mireya. It's a great pleasure to be part of this program. I think the first macro reality is something that John Allen mentioned. And that is that we have had no major war in Asia in over 40 years. And unless you lived through the Vietnam War, as I did, you don't know how much a war like that can crowd out other realities.

Now this is not to say that there were not limited wars in Asia, there was one going on between Cambodia and Vietnam for a long time? But creative diplomacy ended that war with a peace settlement. The Korean Peninsula has always been in danger of war but in that respect deterrents and some diplomacy have worked. But I would also say that people in East Asia, and in the United States, learned that making money is a lot more fun than making war.

MS. SOLIS: Thank you very much. Ryan, do you want to add to that?

MR. HASS: Well first of all it's wonderful to be with all of you. I think Richard has provided a pretty good initial framing. I will just try to build on it with a couple of additional contextual points.

First off I'd like to start by taking us back three decades to 1990, to the peak of the unipolar moment for the United States. Japan was in the process of gradually shifting gears. China was in the wake of the Tiananmen tragedy. And it would have taken a lot of imagination then to forecast what the world would look like and the region would look like in 2020. But a lot has happened in those 30 year that have brought us from that peak unipolar moments to the environment that we have now.

The Asian financial crisis, it served as a spur for canned Asianism to take root and to begin the long gradual process of sprouting. September 11th caused the United States to get bogged down in the Middle East and Afghanistan for a significant period of time, diverting resources and attention from Asia. The global financial crisis created doubts about the wisdom of American's political and economic leadership of the international system. The Arab Spring led to massive refugee flows to Europe, which gave rise to a wave of populism that has spread through Western democracies. And the surprise election of Donald Trump has hastened a period of American retreat from global leadership.

And during this exact same period China has maxed out on the benefits of its demographic dividend. It has shifted towards urbanization, it has gained productivity advantages from on shore and multinational firms to China. And China entered the World Trade Organization in 2001, it

subsequently became a factory of the world. It has since climbed the value chain and Chinese firms increasingly are in direct competition with American counterparts now. It has harnessed that new wealth into raw military power in ways that many in the United States find uncomfortable. And with President Xi's ascent to the pinnacle of power in China, China has become more outwardly ambitious and willing to articulate its goals and its objectives. And, you know, they've been more tolerant to friction with the United States and with others in pursuit of their ambitions.

So if we take a wide lens to look at the developments over the past 30 years, I think that you can make a credible case that the United States has encountered a series of setbacks and at the same time China has made some pretty significant strides.

But before I stop I did want to make two final thoughts. The first is that it would be speculative, I think, to suggest that the United States will continue indefinitely to stub its toes while China continues rising on a lineal trajectory. Betting against American resilience never before has been profitable. Nor has it been profitable to make straight line projections about China rising on a lineal trajectory based upon a current moment in time.

Second, as my friend Evan Feigenbaum often points out, there's a lot going on in Asia outside of the United States and China. And, Mireya, you made this point I think articulated as well. There John did as well. There have been two big Asian trade agreements that have come into force in recent years, CPTPP and RCEP. The United States is on the outside of both of them, China is a participant in RCEP, which is really an Asian driven story, not a China driven story.

So while the competition between the United States and China commands a lot of attention, particularly the United States and China, it's not the whole story or perhaps even the central one to what is playing out in Asia today.

MS. SOLIS: Thank you very much, Ryan, those were really excellent comments. Richard, you too.

So there's a lot that we can now, you know, dig deeper and try to get a more textured, so many of the issues that you both have highlighted. It's not just a question of instability, it's a question that Asia's story's not just assumed in China's rise. There's much more going on and we should not just assume that, and I think Rush also co-authored an article recently on this. We should not assume

American decline is here and it cannot be turned around. So clearly we want to be mindful of agency opportunity critical junctures. And I think that we're going to get into that as we move along.

But inevitably, we have to talk about the U.S.-China relationship because clearly it's of great importance to regional dynamics. And I would like to ask Rush maybe to get started. Ryan, Jonathan, please feel free to jump in. But very much we need to try to understand what are China's objectives or goals, ambitions. You see it a bit for regional hegemony, is it an interest in carving a sphere of influence, is it something else? And depending on what answer we give to that first question, what do we assume will be the tone, the dynamic of U.S.-China relationship? Are they going to be locked in in zero-sum competition? Can we find ways to coexist with some substantive cooperation while also pushing back where America's national interests are at stake?

And, Jonathan, I thought you could take these questions and talk about Southeast Asia.

But I've put a lot in there. First, what is China trying to do, what type of relationship can we expect the U.S. and China to have, how this plays out in a critical theatre like Southeast Asia. Let me go to you, Rush, first.

MR. DOSHI: Thanks, Mireya. And it's really great to be able to join everyone today, and thanks to all those of you who tuned in. And thanks also, Mireya, for the shout out about that article on American decline. I do think some of the debate on American decline has become a bit overrated. We want to contextualize those trends.

With respect to China's ambitions, I think there's a question about just what the contours of those ambitions are globally, we're still debating those although there's more clarity there. But I think within Asia there's quite substantially more clarity than there is globally.

You know, we can debate whether China's pursuing over building or regional hegemony or a sphere of influence. And those terms do matter and those debates do matter. But I think the broad contours of China's ambitions are clear. And I think maybe just three broad points here.

I think the first one is that the most important variable shaping Chinese strategy has always been its perception of American power. You know, after the cold war the estimation of American power was actually quite high. China had just experienced Tiananmen Square, the Gulf War, the Soviet collapse. And so it pursued a high imbibe strategy, those strategies that Xi Jinping inaugurated after the

unrest in Eastern Europe before the Soviet collapse. And that strategy was about non-confrontationally, blunting the foundations of American leverage over China while at the same time creating space for China to grow. And that strategy went on for almost 20 years.

But then after the global financial crisis, there was essentially a change in China's estimation of American power. It dropped a bit. And China began to pursue a more assertive strategy designed to build, in my estimation, the foundations for regional hegemony. And we see this in speeches by Xi Jinping in 2009 where he formally addresses the guideline that operates Chinese foreign policy, the strategic guideline. And he emphasizes actively accomplishing something.

And so we see China pursue Blue Water Navy and the Belt and Road, new institutions and territorial assertiveness. So what was it that changed China's strategy fundamentally, in my view, again, its assessment of American power?

But all of this leads to a second point. Which is your question, Mireya, which is what does China actually want? You know, what does it want within Asia. We talk a lot about strategic competition, we often ask what it means to win in a strategic competition and we often have differing answers. But I think within the last 30 years China has had a fairly consistent theory of victory at the regional level and we can see that theory not only in China's texts, but also, as I just indicated, in China's behavior and its strategic adjustment, particularly as China gets bolder.

Now I want to just walk through a few of the points about what that might look like. First off, I think China would like the U.S. role in Asia to be reduced to some extent and certain alliances to be terminated or at least discredited. And we see that because for 30 years there's been an emphasis on just that in official Chinese rhetoric. That has been something that has been said internally and externally by Chinese leaders.

Second, there's a clear indication in, you know, Beijing's taxed standard behavior that it likely would like territorial disputes in Asia to resolve in its favor. And we've seen steadily increasing assertiveness over each of those disputes, the South China Sea, the East China Sea, the Taiwan Strait, which isn't really a territorial dispute per se. We've seen assertiveness in all of them over the last decade, more actually.

The third part is that China would like to be the key economic in financial node in Asia.

And here sometimes U.S. disengagement can actually help China accomplish that goal. And we know that the Belt and Road, some of the trade agreements, like the ones that Ryan alluded to, even though they may be ASEAN driven. And certain digital currency innovations that China's pursuing are all designed to continue to make it the center of Asia's economic, technological, and financial life.

Fourth, China's trying to set institutions, or trying to create institutions that can set rules within Asia. We see that with the Shanghai Cooperation Organization, AIB, efforts to elevate other organizations.

And finally, and this is the most important point, and maybe where I'll stop. China would like the region to show deference to its preferences. And when it doesn't it can sometimes penalize them economically.

This leads to the third point, and in particular I want to focus on one case, which is the Ashli case. Because if we look at what's going on between China and Australia, I think personally that it provides a pretty good window into what China's overlook will look like in the region more broadly.

And what's happened is basically as China off shore relations have plummeted, China has economically punished Australia across a variety of goods, right? And one of the things that is critical here is that China, unusually, put out a letter essentially with a list of 14 of its grievances, 14 reasons, essentially, that it was punishing Australia. And what was unique about that letter, to me, was that it didn't just indicate poor interests, like Taiwan or other things. And we always thought triggered China's economic statecraft. No, it actually indicated certain actions that Australian civil society was taking, which actually the government had taken that were perfectly legitimate, as objectionable.

You know, when Australia intervened to say Victoria couldn't join the Belt and Road, that was a problem. When Australia decided that it was going to get tough on China's interference in its politics, that was a problem. When Australia decided that it didn't know if it wanted Qualia to be able to operate in its networks, that apparently was a problem as well. The same thing applied to disputes over investments, recording cyber-attacks, independent think tank research, media criticism, criticism by government officials.

And the bottom line in this. What I think we're seeing in Asia is a pursuit of hierarchy, and the case that we're seeing with Australia, which follows economic statecraft against Japan, Korea,

the Philippines and Mongolia and others within the region is a sign I think of just how significant China's preferences are.

MS. SOLIS: Thank you very much, Rush. That was a very rich and complex answer and really very concisely put. I appreciate it greatly.

Ryan, I wonder what is your take on what are China's objectives and what can we expect regarding the dynamic of U.S.-China relations? Anything you also want to reflect on what Rush just articulated.

MR. HASS: Well, Mireya, as you know, this is a topic of intense debate. So if you get 10 people who focus on China in a room you'll get 10 different answers to this question. But I'll give you mine, and welcome others to challenge it or improve upon it.

The first point I would make is that I don't see Asia as a geographic region that is conducive to conquest or domination. So even if China aspires to do all the things that Rush described, I'm persuaded that they won't be able to pull it off. The last, you know, the last country that tried to do this was Japan at a time when China was weak and the United States was inwards focused, and it didn't turn out well for them.

But even if China cannot dominate Asia, it nevertheless is pursuing a revisionist project that creates real problems for the United States and for many others. As Rush described, would China like to neutralize America's alliance system? Yes. Would China like to have greater say over where, when, and for what purpose foreign militaries operates in East Asia? Yeah, I think so. Would China like to establish control over all of the territories it claims at the Sino-Indian Border, in the South China Seas, with Taiwan and the East China Sea? Yeah, I think they would.

So clearly there are issues in Asia that are going to be just definitionally zero sum between the United States and China. There is no compromise between our respective viewpoints. And one of the major questions, I think one of the animating questions going forward is going to be whether the United States, China, and others will continue to have the wisdom necessary to be able to manage and deal with these challenges with patience, calm, and confidence, or whether any side is going to grow impatient and assertive in seeking to sort of impose its will on these very thorny issues.

MS. SOLIS: Thanks, Ryan. Jonathan, how does the U.S.-China rivalry competition play

out in Southeast Asia?

MR. STROMSETH: Well, thanks, Mireya. You know, just to step back for a second, I think in my view I think that China really views Southeast Asia as kind of a testing ground, you know, for its development as a great power and a kind of gateway for its expansion of global influence in the future. And when it looks at the region I think it really has two competing and often contradictory imperatives.

You know one is as Russia's talking about to pull the region closer economically through BRI and other methods. But also, you know, to ultimately consolidate control over its territorial claims in the South China Sea. And, you know, from the region it very much does look, vis-a-vis the U.S., as a zero sum gain. But there is, you know, a variety of responses in the region. You know, everybody talks about Southeast Asia being so diverse but it's a region of large and small countries, 650 million people. And how it responds to China, you know, depends country to country, depending on their perception of China, their perception of their rivalry, geography, history. Also their sense of threat and their sense of economic opportunity with China.

By and large however, you know, surveys do show that the region remains very suspicious of China's long-term intentions. And those suspicions, you know, grow larger when it becomes more assertive, particularly in the South China Sea.

But in the last three or four years I'd have to say that most of the unease and discomfort from the region has been more focused on the Trump administration's Free and Open Indo-Pacific Policy, at least from a rhetorical standpoint. The administration seemed to be posing a kind of choice between what it called free and repressive visions of regional order. And it also referred to the U.S., or the U.S. would refer to China as an economic creditor, practicing debt trap diplomacy. And this doesn't really resonate with most countries in the region who really are desperate for infrastructure.

The ADB for instance has said that the region needs \$210 billion a year in order just to sustain its current level of economic growth. There are some debt issues, for instance with Laos and perhaps Cambodia. But generally in terms of their relationship with China you see ASEAN countries like Malaysia getting smarter in the way they're negotiating with China on BRI. And also China probably learning from its implantation mistakes, and you have a kind of mutual learning dynamic that I think will make it more sustainable over time.

In terms of that kind of key question in terms of how the region's dealing with the rivalry that you mentioned, you know, as part of this project we had that trilateral conference that you referenced, you know, in your opening remarks, as did John Allen. And, you know, we heard, this was just on the cusp of the pandemic, it was just before the pandemic hit the region. And you heard concerns, really, about this kind of binary choice that the region feels that they have to make. And concerns about U.S. efforts to be kind of having a policy of all out confrontation with China. And they clearly would prefer what they've sought in the past, which was kind of a balance between, you know, competition and cooperation.

You also saw, you know, an effort to express an interest in getting beyond these kind of binary choices but then a lot of debate about whether that was possible.

You know, I think the good news is that Southeast Asia really wants the U.S. to be anchored in the region. They want to see more of the U.S. in the future. They appreciate the security support that the U.S. provides. But at the same time they want to see the U.S. become more economically engaged as they see China really achieving a lot of its strategic goals through economic statecraft.

Let me just close, you know, by saying, you know, is there a way out of this kind of zero sum game in the region as we look ahead to a new administration for instance. I think maybe this is more for our subsequent panels, but the U.S. has an opportunity to engage more economically. It may be a heavy lift politically in terms of joining CPTPP, although we could discuss that. But there are some kind of latent agreements for infrastructure cooperation and so on with allies of Japan and Australia. I see these as opportunities for the U.S. to develop better alternatives and then perhaps reengage China from a position of strength. I think that could be with BRIs potentially. And I think climate change could be a big opportunity as well.

MS. SOLIS: Thank you, Jonathan, that was very interesting. And, you know, you referenced, you mentioned the South China Sea. And I want to use that to move along the conversation because as John Allen remarked in his opening comments, you know, this is a project that looks at Asia's stability. And therefore the hotspots weigh very heavily in all the conversations we had as we took this project to different places in East Asia and also as we continue to gather virtually.

And, you know, the trends are not really encouraging. I think that many of these places are becoming, the challenges are growing, not diminishing. Let me just characterize it as follows: North Korea, for example, has both increased its nuclear and missile capabilities and engaged in high level symmetry without really making concession on denuclearization. I could also mention for example that since the arrival of President Xi, China has intensified its pressure contained on Taiwan, with significant setbacks towards Taiwan on issues such as international space. And China has been undeterred by international rulings or by a desire to improve relations with Japan in assertively pushing its claims in the South China Sea and the East China Sea.

So the most fundamental question here is, how dangerous are these flashpoints? What factors have prevented them from erupting into hard conflicts? And my go to person here is going to be Lindsey first to address South China Sea dynamics with the maritime domain. Then maybe I could ask Ryan to talk about the Korean Peninsula, and Richard cross rate relations. So a lot to cover, but, Lindsey, let me start with you first.

MS. FORD: Sure. Thanks, Mireya. So when we talk about flashpoints, I just want to refer back for a minute to something that Richard said earlier. And he said that part of the problem of the Vietnam War is that when you have a large war like that it crowds out other important realities in the region.

And when we look at what the concern is with some of the flashpoints that you mentioned, the South China Sea, North Korea. I think the real concern is the same type of problem. That the United States and other countries in the region could inadvertently wander into war in places where quite frankly we don't have the kinds of strategic interest that we have elsewhere in the region.

So in the South China Seas for example, what are U.S. interests in the South China Sea? Well we certainly have an interest in ensuring that free commerce and the U.S. military can continue to move and operate freely in the region. However, the main thing that people are fighting over in the South China Sea has to do with territorial claims where the U.S. really doesn't have a stake. So certainly seeing a conflict or crisis erupt in the South China Seas that would drag the United States in is something that we want to avoid.

Now in some ways we have a little bit more, you know, skin in the game publicly right

now because of the Trump administration's decision to acknowledge that the mutual defense treaty with the Philippines would, you know, apply in the event of a conflict in the South China Sea. Which is something new. I would argue that that alliance is very old and it would have hard for the United States to remain uninvolved if a conflict had actually broken out with a treaty ally in the South China Sea.

But I would say that honestly no countries, including China, have an interest in seeing a war break out in the South China Sea. And that's why what you've seen China doing over the last several years is what we would call gray zone aggression. This is essentially trying to expand their authority, their de facto control over the South China Sea without actually having to fight for it.

So I don't necessarily see that strategy changing. I think there is always a risk of a hidden, inadvertent crisis that could escalate. But I think the real challenge for the United States in the South China Sea has been and remains how you deal with some of the things that China is doing that have much more to do with abusing international law, what it's doing with Coast Guards or the fishing fleets, that we can't necessarily respond to militarily. And so the South China Sea has really posed a problem for the United States in thinking about how we can more creatively deploy tools to deal with aggression that aren't these types of events that aren't necessarily that well suited or responsive to military actions on our part.

MS. SOLIS: Thank you, Lindsey, that's very illuminating. Now let me then shift the conversation to the Korea Peninsula. Ryan, would you like to offer some comments on that?

MR. HASS: Thank you, Mireya. Sure, I will offer a perspective, but I also just wanted to build on what Lindsey was saying because I think it's very important. We spend a lot of time, particularly in Washington, D.C., worrying about the risks of conflicts. But we also need to bear in mind that China has its own incentives to avoid conflict. You know, from China's perspective they think that they are a rising power and rising powers believe that time is on their side because the more time passes the greater their advantages will become and the greater their relative strength and military capacity compared to their competitors in the region.

China also, as Lindsey was suggesting, has gained a fair degree of confidence in their ability to advance their objectives short of the use of force, using these various gray zone tactics, and Rush spoke about this as well.

But also, you know, China is an isolated rising power. It doesn't really have any close friends in the international system. And one of the things that its strategy has been designed to do over the course of the decades of its rise is to prevent the formation of a counter-balancing coalition in Asia. And if they were to exercise force on any of these issues, it would be very alerting to, and alarming, to all of China's neighbors in Asia. And it could invite the very outcome that its strategy is designed to prevent.

But on your question about the Korean Peninsula, I think that we've run a series of experiments over the past eight to 10 years that have both, unfortunately, led us to the same place, which is lack of sufficient progress in curbing North Korea's developments of nuclear and missile technologies. In the Obama era, you know, people characterize it as strategic patience, which is a term inside the administration hated because they didn't feel like we were sitting back and just sort of passively patiently waiting for North Korea's collapse. But there was an idea that our strategy should be designed to weaken, isolate, and sharpen the choices for North Korea between continuing on its path at the cost of isolation and poverty, or loosening its grip on these issues and opening up space for negotiation that would welcome North Korea back into the community of countries in the world.

The Trump administration took a different approach. They tried to sort of go big with President Trump engaging Kim Jung directly and trying to use charm, powers of persuasion and, you know, the allure of hotel construction on North Korea's beautiful coastline as an incentive for denuclearization. Well that ended the same way that most people could have anticipated, which was we're in a worse place now than we were four years ago. North Korea has built more nuclear material and missile technology during this period and both we and our allies are at greater threat and risk than we were at the start of that experiment.

So where do we go from here? I think that we need to learn lessons from both of those experiences. From my vantage point one of the key sort of foundational blocks of dealing with North Korea is going to be developing cohesion amongst countries in the region for dealing with North Korea. There is no country that benefits from North Korea's development of nuclear weapons. Every country is threatened by it, and every country would be tremendously threatened by any proliferation from North Korea.

So I think there is space for stitching together greater collective efforts and cohesion

amongst Japan, South Korea, China, United States, and others. And that needs to be the starting point. We need to keep denuclearization as the ultimate goal. But we may need to exercise a bit more flexibility over the timeline by which we will pursue that objective.

MS. SOLIS: Thank you. I'm noticing your point about cohesion, about trying to work with others and have more of a coordinated approach because, you know, the expectation is that perhaps the Biden administration will be willing to engage more in that kind of coordination. But we can talk about more of what we expect the Biden administration or what we recommend the Biden administration to do later on.

Richard, you know you are the most experienced and wise of all of us here and you have followed these hotspots for many years in your career. So obviously any comment you would like to offer on the cross rates are very welcome. But also do you have any other views or comments on what our colleagues have already talked about, the South China Sea and the Korean Peninsula?

MR. BUSH: Thank you very much. I will allude to some of that. There was a lot of talk in Washington earlier this year about the possibility of a kinetic war in the Taiwan Strait. And that maybe China would take advantage of the dislocation of the American political system and take over Taiwan militarily. I think that that fear was unfounded. I think that China was engaged in coercion without violence against Taiwan rather than preparing for war.

And so this is the sort of the Taiwan version of what Lindsey was talking about with respect to the South China Sea, a more gray zone. And it didn't just involve military operations, it involved interference in Taiwan's domestic political system, it involved marginalizing Taiwan in the international community, it involved refusing to talk to Taiwan's elected leaders. And unlike the South China Sea, which really doesn't have any people on them, on the islands or land forms, Taiwan does have 23 million people, and they are actually China's problem. China's goal is to incorporate Taiwan into the PREC system based on the formula of one country, two systems. Which was also used in Hong Kong and which we now know has not worked, and Hong Kong is in a very bad way for complicated reasons.

The Taiwan people and Taiwan leaders have always rejected one country, two systems as a formula. And if anything, anti-unification sentiment is higher now than it ever was.

China believes though that its opportunities for achieving its goals are growing. That first of all its power is increasing and Taiwan's is not. And therefore there's a belief that it can set the rules of cross rate interaction. It believes that coercion without violence is a useful way of undermining the self-confidence of Taiwan people. Whether they will succeed or not, I don't know. This does present challenges for the United States because we have long supported a peaceful resolution of the cross rate issues. We have believed that at the end of the day it's the Taiwan people who will decide whether unification is in their interests. Taiwan's democracy does complicate things because it makes it harder to set policy.

The one option that doesn't seem to have much possibility at this point is for China to accept that its approach to unification has no market in Taiwan and maybe it's time to change one country, two systems as it applies to Taiwan. It might actually find out that if it did so it could be more successful. Thanks.

MS. SOLIS: Thank you, Richard. That was really insightful, and I appreciate all these comments. But I'm mindful that we have so much to cover so I again want to move the conversation. I think that so far we have emphasized, you know, competition, sort of rivalry between the United States and China, the places in the region where stability is seen more fragile where they could be some conflict. And I very much appreciate this notion of coercion without violence, a grey zone tactic that China is using.

But I want to now shift and talk about cooperation. I want to talk about countries coming together because that's also happening quite a bit in the region, both in the security realm and in the economic realm.

And therefore I would like to start talking about alliances and partnerships. And I'm thinking that maybe Lindsey, Richard, and I certainly will offer a few comments myself, can speak to these. Let me frame it this way. One of the most important assets of U.S. foreign policy is its alliance network. But alliances are not carved in stone, they evolve to reflect new regional realities and are also impacted by the domestic politics of the allies.

So, Lindsey, how robust is the U.S. alliance network in Asia? And how did our partners respond, adjusted to American first foreign policy? And what do you sense, and again here also Richard please jump in, or others. What are the expectations of our allies and partners regarding the incoming

Biden administration?

MS. FORD: Thank you, Mireya. So in response to your question about the robustness of U.S. allies. I guess the first thing that I would say is the U.S. alliance network is very robust overall. It is really easy to forget sometimes I think that over the years we've had a lot of bumps in our alliance relationships. In the 1980s the U.S. was talking about Japan like it was our biggest economic competitor despite the fact that it's one of our closest allies. We were unceremoniously sort of kicked out of the Philippines in terms of our military access there, and actually if you go further back, in the 1970s most people don't know or think about this, the U.S.-Australia alliance which we think of as rock solid, almost broke under the Nixon administration.

So I point to all of those examples not to criticize the relationship, but to demonstrate the fact that those relationships have endured despite all of those ups and downs. And I think that speaks to the depth and the robustness of those relationships.

But there is no doubt that in the last four years under the Trump administration there have been some rocky times in our relationships. You can look at the U.S.-Japan alliance, the U.S.-South Korea alliance, some of the frustrations over the host nation sharing arrangements and how much the United States wanted them to pay, that it caused a lot of friction, in my view largely unnecessarily in those relationships.

But there's also been some things I think on the domestic side in allied countries that have created challenges. Thailand has struggled to return to democracy and it's still facing some challenges there. In the Philippines we've seen major problems with human rights abuses under the Duterte administrations, caused a lot of strain in the alliance relationship. So I think there have been things on both sides.

That being said, what needs to happen next? I think what our allies really are looking for most from a new administration is a degree of certainty and continuity. I think what was as damaging under the Trump administration as the fact that there were these difficult conversations was the fact that he was just entirely unpredictable. And allies want to see a degree of confidence that the United States is going to remain a reliable partner for them.

MS. SOLIS: Thank you very much. Other comments? Richard?

MR. BUSH: Yes. Thank you. I'd like to step back a little bit. I agree with everything Lindsey said. But just like to remind our audience that one of the key reasons that East Asia has had a long peace has been the alliance system of the United States. The commitment to the defense of our friends, the forward deployment of troops that makes that commitment possible, that deters adversaries, and the world changes. East Asia's different now than it was 20, 30 years ago. The U.S. alliance system will have to adapt to that if it's going to continue to be the stabilizing force.

I do think that the Trump administration has battered the alliance system. There was an occasion about a year into Trump's presidency where he was talking to his national security team and saying, "What do I get from being willing to defend South Korea?" And the emphasis there is the word "get." For President Trump alliances were purely transactional and it was a question of how much those countries were willing to pay for our military support, in effect our troops deployed there were latter day Hessians.

And alliances are more than that. There are aspects to alliances that cannot be quantified. Shared sacrifice, mutual trust, mutual understanding of the threats that are faced, and institutions that make alliances work.

One of the sort of remarkable things about our best alliances in Asia with Australia, South Korea, and Japan, are the command structures that would come into play if war ever occurred. And these are well integrated, there is a high degree of mutual confidence that if deterrents failed, we would be able to respond. And this is a precious asset but these have to be restored. And I'm glad that President Biden sees the restoration of alliances as an important policy priority. Thanks.

MS. SOLIS: Thank you Lindsey and Richard. You know, I don't really have anything else to add, you have covered this so well. So I want to again make sure that we do talk about the economic angle, the connectivity agenda. Because a lot is happening, and I'm going to tap on the expertise here of both Jonathan and Rush. I'll probably have a few things to say on trade agreements because I cannot help myself.

But, you know, I think it's really interesting if you watch what's happening in the region today. My interpretation is that we are seeing two trends working at cross purposes. On the one hand there is a very strong connectivity push through something that Jonathan already referred to, the

infrastructure investment and the negotiation of large scale trade agreements.

But on the other hand there are decoupling pressures, especially in the high tech sector, in the digital domain. And there is clearly more resort to defense economic measures, the tightening of export controls, the greater scrutiny of foreign direct investment, sovereign security laws that are also being tightened, on-shoring incentives to try to bring back some production at home. And many of these are animated by a growing sense that economy inducement also carries risks.

So on the one hand we're integrating more, on the other hand we're also more risk averse when it comes to interdependence. So to me, and I don't have the answer to this but it does pose a fundamental question. Is Asia's future more economically integrated or more fragmented? How, for example, is Southeast Asia navigating their strengths? What is the significance of the regional comprehensive and economic partnership? And if wholesale decoupling seems like a straw man, then it is calibrated the coupling that we can get at? Is it possible to be that fine-tuned, can we really contain these activities we try to undo some of these relationships just in specific sectors or once you start tinkering with it the distrust runs wide and you begin to see more of these factions in many other sectors?

So I wanted Jonathan and Rush to get a start here and I'll jump in because as I said, I cannot help myself. Jonathan.

MR. STROMSETH: Well let me see if I can get us started, Mireya.

So in my opinion there's really no question that Asia is becoming increasingly integrated, and currently at the expense of the United States. And RCEP is a case in point. It was signed last month among the 10 ASEAN countries plus Australia, New Zealand, South Korea, Japan, and of course China. It will connect, I think, 30 percent of the world's people and output and forcefully, you know, stimulate I think intra-Asian integration, especially around China and Japan.

And I think, you know, like the CPTPP, it will also incentivize supply chain integration in particular among the signatory countries. And conversely, you know, companies of non-signatory countries, like the U.S. could be boxed out, perhaps even contributing to a kind of Chinese sphere of influence over time in the economic realm which has strategic implications of course.

Naturally this kind of supply chain integration will complicate, I think, any, you know, continuing U.S. efforts to decouple from China in the Asian economic context. I think ideally, you know, a

more rational policy would be for the U.S. to focus on protecting, you know, a small number of technologies that have security implications.

But in Southeast Asia, you know, if 5G for instance is one of those technologies, that will even be a tough slide. I think so far only Vietnam, for really its own reasons, because of its own concerns about China, has, you know, said that it will not take, for instance Huawei technology into their 5G infrastructure networks. But other countries, Malaysia, even U.S. allies like Thailand and the Philippines, seem more open. So this is going to be, I think, the real challenge for the U.S. going forward.

Finally I would just echo a point I think that Ryan made which is when you look at RCEP, it really has been often described as China backed, China led initiative. But it's really I think a triumph for ASEAN and ASEAN diplomacy. They take it very seriously. We may see more ASEAN members also becoming more of CPTPP. And so as this more integration and multilateral trade initiatives really come to stick in Asia, it presents a real challenge for the U.S. as joining some of these groups presents a real, you know, challenging political lift for us domestically.

MS. SOLIS: Thank you, very insightful. And, Rush, you have looked very closely at tech competition, for example, and I think that's where some of these more decoupling pressures are increasing. So what is your take on the future of Asia when it comes to the economic fabric, taking into account the tech competition but other areas of, you know, supply chains and so forth?

MR. DOSHI: Thanks, Mireya. I think Jon can really cover the waterfront here on a lot of this, and Ryan earlier before that. It was in your remarks, Mireya, and Jon's.

I mean Asia really is on its own to some degree beyond the U.S. threat of competition. We see Asian middle power efforts, for example, the CPTPP resurrection, which was led of course by Japan and other middle powers. We often, you know, as Jon just mentioned, RCEP was ASEAN led. This is essentially a sign that, you know, Asian integration is not just a China story. It's also an Asian story.

You know, we're also seeing a lot of plural-lateral coalitions emerging now naturally in economics but also not in economics, that don't involve the U.S. Whether it's Japan and India and others working together on an infrastructure or, you know, Japan and the EU on trade. So there's a lot that's going on beyond U.S-China.

There's also, to your point about technology, this new trend, right, this incipient, it hasn't happened yet. But there is discussion of new coalitional approach, so called D10, which would be the G7 countries plus three Asian countries, proposed by the United Kingdom. Others have talked about a D12 or a Tech14. All roughly the same idea, that in a world where free trade agreements are difficult to get through given domestic reasons, particularly in the West, and where's there's actual legitimate debate over whether FTAs, as they were known in the past, is the right thing going forward given popular surges in the world democracies.

Some are saying that the most efficient way to handle some of these big tech questions is to do it through a coalition, not to do it through global bodies. And if you do it through a coalition you can take some of the more politically sensitive, you know, areas of trade and hide them off and really reap the rewards of coordination on the biggest most important aspects of technology.

So that's a fanciful idea, there's a lot of obstacles here. Putting together indeed kind of a Tech 14 is by no means easy, certainly when there's not an institutional structure or tradeoffs that can help everybody get on the same page. But there is a hope, right?

And I mentioned the coalitional approaches because the idea is that the U.S. might work with European countries and with Asian countries in particular to, for example set up new investment screening mechanisms that are multilateral, export controls, although that will be very challenging.

Supply chain protocols are, you know, the ability to audit supply chains at the tier 1 or tier 2 levels. And maybe most intriguingly allied industrial policy efforts where the United States might say, "We care about this capability, we'd like to see it spread out beyond China and other parts of the world. And we're going to help other countries build that capability themselves so we have resilience."

That brings me to a kind of third point which is that if you look at what's going on in the region on supply chains and on technology, there are sort of three trends occurring simultaneously that I think suggests a lot of flux.

On the one hand we see on-shoring, so Taiwan has tried to set up this invest in Taiwan initiative under the Ministry of External Affairs, and that has pulled over \$30 billion worth of investment back to Taiwan proper. It's sort of a very organized state coordinated approach. So there's re-shoring.

Second we see diversification. Companies moving out of China to places like Vietnam.

And then third we see duplication. Companies that are saying “All right I’m going to keep a lot of my supply chain in China because China’s a big market and has a lot of advantages.” There’s a quote, I forget who said it now, but Amazon might be the place where you can buy anything, China is sort of the place where you can make anything. Because almost all of your intermediate components are made there. So, duplication.

You have a supply chain in China and you have one outside of China. So which of these trends is going to be the strongest is the big question. That’s why Asia’s future is in flux.

And beneath all that, Mireya, this is sort of where I end, beneath all that is China’s own ambition and its own insecurity. Because China’s an active agent and participant in this process. It has its own desires, interests, ambitions, strategies, and we have to take that into account as we look at Asia.

And I think that, you know, China’s leaders believe we’re in the middle of what they call the Fourth Industrial revolution. It’s a phrase that comes from the world’s economic performance, you know, its artificial intelligence and mono computing and 5G and biotech, and they want to lead it. And they’ve argued that the last three industrial revolutions they caused a diversion that led some countries to become leaders and others were, you know left as lagers. And I think, you know, if you look at their discourse, they say okay, the first industrial revelation, that brought steam power and coal that helped building Britain an empire. The second one brought electrification and that made the U.S. the leading state. The third one was information technology, the U.S. again won that race.

And now we’re at the fourth one so there’s a chance that what they call leap frog development, overtaking by curve. And that’s why China is so focused on as Asia, you know, reassesses supply chain, it wants to stay in the center. So it’s investing more in RND for basic science and, just as about anybody else, as a percentage of GDP, any other great power.

It’s got this \$1.4 trillion plan to put 5G across China. Part of that’s about manufacturing so they can do smart manufacturing even as labor costs rise. It has this mid-2025 initiative to gain leadership in 10 sectors of the heart of the fourth industrial revolution. It’s got several multibillion dollar special purpose industrial policy funds, 100 SMT plans, and, you know, there’s a lot of other things that’s doing as well.

But the key goal for China is, as we debate this question, how do they keep themselves

at the center. And I think that is push and pull, as you do, Mireya. And you're really the expert here so I'll stop now so we can hear about it, what you think about all this.

But that's really going to be the core I think in a lot of the Asian economic picture.

MS. SOLIS: Thank you. That was fantastic, both of you. And, you know, you really have covered the waterfront and I agree with what you have said, both, you know, emphasizing how we talked about agency in the region, middle power diplomacy, recalibration, not termination of global supply chains. These are economies that are still very much outward oriented, and they are about handling risks, not shutting doors because it's key to their prosperity.

And, you know, just one comment on RCEP because it's the latest development. I think that, you know, RCEP was on a negotiation for what, eight years? And it was very much a punching bag in Washington that says that people did not give it much credence. And looking back at the outcomes, I think that there is more substance there that many people thought was possible. But I think, you know, it's the trade of any successful negotiation that when all is said and done, you can look at it and there are actually, I would say three baskets of winners. I think that would make a lot of very satisfied customers.

What I mean by this, if you look at the metric of say diplomacy, I mean clearly ASEAN reaffirmed its neutrality, it's seen as in the driver's seat, which is essential to the organization. I was able to make sure that priorities about flexibility, thinking the continentals of development, growing the agreement as it ages, going into deeper disciplines. Those are trademarks of ASEAN diplomacy. So I think that they're probably very satisfied with that.

When you actually look at the economic cap, where the economic gains are going to be made from RCEP, well then we have to look at the Northeast Asian economies, China, South Korea, and Japan. And not just because they are the largest economies and it would make sense that they're going to make the most from these deep integration, but also because, and this is a political element as well, this is the first time with the three largest economies in the region will trade in preferential terms. So that's something to pay attention to. And last but not least, I would say that again, China does not lead the negotiations but I think China is starting to make some of the largest strategic gains. Quite simply because it blunts the merit of decoupling when you have China as, you know, a part of the largest emerging trading group, and whether it's a definite effort to redouble in supply chains, that's all to China's

benefit.

And I also think it's important to know that China did not have to make any significant policy sacrifices to realize these benefits because there is no chapters in RCEP in state owned enterprises and industrial subsidies. And even though people have remarked on the fact that RCEP does have some disciplines and data flows, those disciplines come with a very wide self-judging national security exemption. So it's very easy to open a door and get out of that commitment.

So I think the negotiators are probably all patting their shoulders because they were able to accommodate very different consequences.

Having said that, time is running away from us. And I want to shift from talking about the current realities in Asia to what should the United States do? There is a window of opportunity. We hear this phrase that America is back. It's a time to rebuild credibility, it's a time to repair relationships, it's about tackling new challenges.

So I want to do a lightening round because we promised the audience that we will take their questions and I want to leave ample time for that. And we all know that when you're putting your ideas to policymakers, concise is everything. So I'm going to ask you to please just two, three minutes, what would you think are some really important policy recommendations that you would put forward for the next administration when it comes to Asia policy?

Lindsey, let me start with you first.

MS. FORD: Sure, thanks, Mireya. So I think there are a couple of things that I would highlight. First, like I said, I think a lot of our Asian allies and partners are looking for continuity from the United States. I think one thing that's a point of concern is that given the political polarization in the United States right now, there will be a lot of flip flopping back and forth between U.S. administrations in what they promise to our partners. And therefore you can't necessarily count on what any one administration says.

So I do think it's going to be important for an incoming team to find the points of continuity in U.S. policy that they can continue to carry forward.

The second thing I would say is it's going to be important to find that sweet spot, and it's very hard to identify it in the China relationship. I think allies and partners want to see that the United

States is taking China very seriously but at the same time I think they would like to see China addressed as a part of a broader Asia policy versus prioritizing China above everything else in Asia, which I think sometimes is the impression of what this past administration has done.

MS. SOLIS: Excellent. Jonathan.

MR. STROMSETH: My opinion is that while security issues still matter a lot in Asia, I think it's increasingly an economic game. And what we hear from Southeast Asia is concern that China's achieving its strategic goals through economic statecraft. So for me, that means the U.S. really has to up its economic game if it can. I think there's four or five things it could do.

One thing is it could operationalize infrastructure coordination with allies and partners. There are existing platforms that the Trump administration created, say with Australia and Japan. But they need to be operationalized and accelerated and not just wither on the vine.

We could for instance, to facilitate that, establish a regional center for strategic economic engagement in Singapore, with an infrastructure czar and have another U.S. agencies part of that. It would be a heavy lift politically, as I discussed before, but at least explore the cost and benefits of joining the TPP family in the form of the CPTPP, seeing what needs to be renegotiated, perhaps in labor and environment.

And I think we could also try to revitalize and reframe foreign aid cooperation in Southeast Asia. The Trump administration's bumper sticker was a journey of self-reliance in the foreign aid area. And while I think there are great needs domestically in each country, especially with the COVID economic challenges, the pandemic has really reminded us, as has climate change, that there's a lot of global issues that have to be addressed. And I think we might need to shift a little more in that direction.

And finally I would just say let's look at reengaging China again on select issues like climate change. That would be very welcome in the region, it would show Southeast Asia, for instance, that the U.S. and China are not just all about confrontation.

MS. SOLIS: Thank you. Richard.

MR. BUSH: Thank you. Let me just give you a list. First of all I think the Biden administration needs to restore the institutionalized formal policy formulation process that has existed in pre-Trump administrations. This is important for our foreign policy all together, but especially for Asia.

Second, the Biden administration needs to find out all the different things that the Trump administration has been up to in the last four years. You can't make policy for a new administration unless you know what's come before, warts and all.

Third, we do need to get our own domestic house in order. We are facing major domestic crises and have to address them.

Third, although I do support the idea of finding areas of cooperation with China, I don't think we should be too eager to jump back into China's lap. You know, they can come to us and tell us how they think we can cooperate. But if we are too eager that gives them leverage.

Finally, with specific reference to Taiwan, I think we should announce early on that we want to undertake significant negotiations on economic liberalization with Taiwan, whether it's a free trade agreement or a series of liberalization agreements that amount to the same thing. Thanks.

MS. SOLIS: Excellent. Rush.

MR. DOSHI: Thanks, Mireya. Just a few quick ideas, you know. First the United States has to invest on a military level, not in primacy I think, but in deterrents, you know. The ability to deter China to invade India, the ability to invade Taiwan. So there's cheaper investments in asymmetric technologies like mines and missiles and submarines. All that complicates the Chinese amphibious invasion. But it requires some big changes in the Department of Defense.

Second, we need to think about, you know, we need to invest in risk reduction crisis measure mechanisms. Ours with China are in fact less detailed and less binding than ones that we had with the Soviets. Of course that requires China to show up, that China just most recently did not show up. DMCA, a major opportunity for us to continue working out those mechanisms.

Third, we've got to pursue careful managed decoupling at the economic level and the technologic level, not with a machete, but with a scalpel. That's got to focus as others indicated earlier, Jonathan mentioned, on high tech sectors, critical imports like medicine, carefully curated. And we shouldn't forget while we do that that China's pursuing its own form of decoupling too with its dual circulation approach.

And then fourth, we need to work I think with our allies to set high standard rules together on trade and technology and then collectively tell Beijing that we'd like them to change course. That's

hard work, that kind of coordination.

And then fifth, to Richard's point, you know, and Jonathan's point, we have to get our domestic house in order. The tech competition, economic competition, is not just about defense, it's about defense and offense. So on the defensive side, which is what the Trump administration has done a lot of, we've got to steward our advantages by limiting China's espionage, certain predatory acquisitions, etcetera. But we also have to do offense. That is, we have to invest in the sources of our own competitiveness.

And I'll just say really quickly here, federal RND I think is lower as a percentage of GDP than it was before the Sputnik shock, and that really has to change.

And finally, the last point, and this really goes after what Richard said. We should work together but we shouldn't be too eager. And my hope here is that we can delink competition and cooperation in some areas. During the Cold War we made progress with the Soviets on, you know, vaccines and space policy, environmental policy. I say we delink those particular areas from competition, two separate tracks. I think we have to do that again, but that means telling Beijing no when it says that the price for progress on some global issue is a concession on a bilateral one.

So those are just a few ideas.

MS. SOLIS: Great, great. Ryan.

MR. HASS: Mireya, I will offer a few thoughts to try to bring a few of these strands together, but I also hope that you will share your recommendations.

The first thought is that we need to find our friends in Asia. This is sort of an elementary idea but, you know, the more that we're able to develop commonality of effort around an affirmative agenda that seeks to advance sort of a shared vision for the region, I think the more attractive we will be. As opposed to having the oppositional agenda that does more to repel than attract.

But also to reinforce Lindsey's points. The credibility of our strategy in Asia depends upon whether it is viewed as consistent and durable in the region or whether it will be transitory and flip flop depending upon the outcome of every presidential election.

And so I hope that we can make efforts to strengthen public support in the United States for maintaining a leadership position in Asia. The more that we're able to do that the more durable our

strategy will be seen in the region and the easier it will be for countries to travel alongside us and work in common cause with us.

And this is going to be a challenge because as the scale of domestic challenges inside the United States grows in focus, there will be calls within our country to focus our efforts at home and to leave issues in Asia to the Asians to take care of. That's their problem not ours.

And while I certainly support the instinct to focus on addressing our own challenges, I think it would be penny wise and pound foolish for us to withdraw from 70 years of investments in building and leadership in Asia. And I say this for a few reasons.

First, Asia I think just as an objective fact is going to be the most important region in the world for America's future. 60% of the global economy's growth is taking place in Asia right now.

Second, as Richard has stated today and over the course of his scholarship over decades, America's long and steady presence in Asia has helped to cool tensions and create space for economic opportunities that America firms have seized in this most dynamic economic region of the world.

And thirdly, America's withdrawal or stepping back from leadership in Asia would create a vacuum that others would compete to fill. And that would bring about volatility, which I think would be detrimental to America's long-term interests.

So my hope is that our leaders, our incoming leadership team will make efforts to draw a direct line between American leadership and Asia and our ability to address critical problems at home, whether it relates to jobs, health, climate change, COVID, getting the virus under control. Our leadership in Asia, the stronger we are the better we're going to be able to cope with many of these challenges at home.

MS. SOLIS: Thank you, Ryan. And let me just offer a minute or two of my own thoughts. And then we have such a robust set of questions from the audience that I also want to get to.

But, you know, I would make the following point. One is that Asia is moving up. And we clearly here at home face colossal challenges in addressing the pandemic, in restarting economic activity, deep political divisions that prevents us from being level and strategic, but it's important that we find a way to make sure that we can signal with credibility to the region that we can be a helpful, constructive

actor. And I'm thinking mostly when it comes to the economic architecture.

I would say that it would be important to begin, for the Biden administration, to signal in fashion a strategy for economic engagement that taps on the win-win elements of these deeper economic links and is not just based on defensive concerns vis-a-vis China's recantism. It has to be about something, not about against someone else.

I also understand that there are great difficulties in having a robust sort of trade initiatives from the get go, but I think that there are a number of initiatives that could be tried out that could survive factious domestic politics and nevertheless gets us back on the game. Three in particular come to mine.

One is to pick up from the disciplines under PPP and the U.S.-Japan agreement to push for a negotiation of a fully lateral agreement on the digital economy. This is central to the future of these economies and one where there is more bipartisan support in the United States.

Another initiative, something that Russia eluded to, we could be leading some kind of framework on supply chain resilience. That it's not just about trying to convince everybody that domestic reduction is always best when actually it's more about stockpiling efforts, diversification, duplication, redundancies. So that we have trusted suppliers that will put us in a better place.

And last but not least, I would think that economic security dialogue to make sure that we don't overdo it and then national security becomes a very easy justification to then stamp down on innovation and openness. So work with allies with like-minded countries to make sure that we get the right balance between vigilance but also openness.

But down the road I do think that the best should be for the United States to seek admission to the CPTPP. To talk about starting from scratch and negotiation that is going to span a large multi-lateral trade agreement, that's going to take years when our credibility has been severely wounded, I don't think is going to get us very far. There is an agreement out there that very much reflects what we want to see in the region and is actually closer to the current realities of trade policies in the United States, and a targeted negotiation, as Jonathan mentioned, on labor and environment, could bring us closer to that. And I think that CPTPP countries might be more amenable to that because the risks are less.

If the U.S. does not get its politics in order, nothing is going to stop the CPTPP from

going on. But therefore it's easier therefore to negotiate that accession of yes, CPTPP is an even greater influence of the region and gets us at the table.

With that I promised I would go to the audience. And there's so much to cover. So let me start with the first set of questions. Let me start with this one.

Jerry Grossman from the Department of Defense asks, "What is the state of Chinese political military alliances or security cooperation with other East Asian nations?" Because we talk always about the U.S. having great asset in alliances but I imagine that China has not been idle on this front.

Maybe Lindsey and Rush, I know that you worked on this, so feel free to offer comments.

MS. FORD: Sure. Thanks, Mireya. It is a great question. Ryan pointed out earlier that, you know, China is essentially an isolated power, it doesn't have allies like the United States. And that's very much true. But I do think China has been working to build some of the military relationships that it has with certain partners in Asia. And while that doesn't rival with what the United States has, it does have some significance.

So in particular I would point to growing military ties between China and Russia, China and Cambodia, and China and Pakistan. And what we've seen China doing, one, is a lot more cooperation when it comes to military hardware, including co-developments of technologies with the Russians. Over time that builds the kind of interoperability that the United States is used to having with its allies.

Importantly, that technology is also being sold elsewhere. So you have to think about what kind of ecosystem is potentially developing over time where it gives China a greater inroads and potentially leverage over countries because it's built that type of military interoperability and technical relationships.

In countries like Cambodia, I think China's taking advantage of the fact that essentially you have another isolated country that lacks alternatives. It can't necessarily get the kind of military cooperation that it might like from the United States or European countries, and China is leveraging that to do things, for example, like get access, basing access in Cambodia.

So I think in the future these may be the kinds of things that we see elsewhere. China leverages on the technological front what it can do to build military cooperation. And it also takes

advantage of other isolated countries who don't have alternatives in order to get it new kinds of access and military influence elsewhere in the world.

MR. DOSHI: And I'll just jump in, Mireya, if that's all right with a quick point. Because I think Lindsey really covered it. And Lindsey's been studying this issue for a long time so she's really the authority on some of these arrangements between China and others.

But I just want to pick up on one thread, and that is access, that is military access. You know for years, for over a decade, Chinese sources have been writing about how they want to have more military access across the Indo-Pacific. And I don't mean just random people, I mean heads of the State Oceanic Administration would set the contours to some degree for Chinese maritime strategy, which is a controversial point.

But anyway they have talked about places all across the region. And so what do we see? We see efforts to use investment, commercial access, elite capture, etcetera, to create the conditions where a country could then invite China to then set up a facility. So we're going to see that more across Asia. We've seen it in Cambodia, we saw an attempt in Solemn Islands, we saw an attempt in Sri Lanka, we saw attempts in East Africa. We already saw successful effort in Djibouti. And I think we'll see more of it. And it's not unnatural, great powers tend to do that. And China's a great power and it's doing it too.

MS. SOLIS: Thank you both of you. Now a very different question but also a really great one. This comes from, I'm sorry that I'm not going to pronounce it will. Apologies in advance.

Adiyada Sriboonsaen from the Secretariat of the House of Representatives in Thailand. And he asks, or she asks, "Will democracy play an important role in the political narratives of the Biden administration? And how would it affect the U.S. engagement with Asian countries, most of which are not full-fledged democracies?"

So we have been doing some important work here at Brookings on those questions. And Ryan or Lindsey, I'm sure that you have something to share on that front.

MS. FORD: Ryan, do you want to start on this one?

MR. HASS: I will make a very brief comment that hopefully will be a non-wrap for you to jump in.

My view is that democracy values more broadly are going to be placed back at the center of American foreign policy. That's a traditional resting place. I think the last couple of years have been a bit of an aberration.

But the question will be, to get to the point, will democracy be used as a tool or a weapon to try to go after and attack others to create divisions and, you know, sort of with us and against us, oppositional blocks. Or will it be used in an affirmative sense of trying to promote, advance, look for opportunities to nudge forward support for common principles, whether it be anti-corruption or transparency or sharing best practices on countering this information from overseas.

My expectation, and frankly my hope, is that it's the latter. Because the bigger the tent, the more space there will be for countries, you know, like Singapore or others that aren't classical democracies in sort of the definitional sense, but share many of the same goals, aspirations, and values with us. The more that we can get countries under the tent advancing an affirmative agenda, I think the more progress will be made.

MS. FORD: And the only thing I would add to what Ryan laid out, Mireya, is yes, President-elect Biden has been very up front in saying that he intends to make democratic values a big part of his foreign policy agenda.

And I think that this is important for a couple of reasons. As Ryan said, not because it's something that you want to use as a bludgeon or to weaponized against other countries, but because what we're seeing in recent years is that increasingly democracy has lost some of its legitimacy in the eyes of some people in the world, and that is a problem.

Part of that may be because in some countries there's been growing inequality, a sense that democratic institutions are not always delivering and that there is a need for democracies to reinvest in the strength of their own institutions at home.

If you look at polling in the United States as well as in some other countries you can see in particular among young people, millennials and younger. That democracy is sort of the best type of governance system around is declining from what older generations believe. And that tells you that younger people, for whatever reason, don't believe that democracy is delivering for them. And I think that's something the U.S. and other democracies have to pay attention to. In particular because China is

out there with a narrative that says, hey, democracy clearly is not the only alternative out there. We have one and actually we think that it might be better for you. So I think this instinct that the Biden Team has to reinvest in democracy is a really important one when you think about that sort of broader, competitive dynamic between the U.S. and China.

MS. SOLIS: Thank you. Richard.

MR. BUSH: Just a short comment. I agree with what's been said. At the end of the day what matters for the United States is not the political system of the country that we are interacting with but whether our definition of our national interests is aligned with theirs. And if definitions of national interests are shared then there's no problem and democracy actually strengthens our partnership.

If there is a divergence in definitions of national interests then we're going to have to talk.

MS. SOLIS: Great. Thank you so much all of you. I want to introduce one more question. This come from Gary Sands of the Highway West Capital Advisors. Is the Belt and Road initiative dead or just delayed?

Rush, you left too hard so you get the question first and then maybe Jonathan or others.

MR. DOSHI: Sure. I think this is a great question, I'm so glad you asked it. I've had reports of the demise of the Belt and Road have been premature and they're been premature for two years now. So they've been proven premature. I think that, you know, the Belt and Road is clearly changing, right? So it's not going to be as many big special projects without adequate amounts of, you know, adequate standards and all that. It's going to be a bit more what we think of moving as from the broad brush strokes to fine brush strokes. That is narrower projects, more manageable projects, ones that are more clearly supervised by the state and the party, and that don't cost as much.

But nonetheless because they'll be quite impactful, quite influential when it comes to geopolitics. That's point 1.

Point 2, we gotta keep in mind the Belt and Road is a brand, sure, and that means it's a million things and not any one thing. That's true. But a lot of the projects in Belt and Road have strategic motivations, not all of them but some of them, you know, whether they're poor projects in Sri Lanka, which preceded the Belt and Road. Or projects in Pakistan. Again, it preceded the Belt and Road. Those kinds of high value strategic projects that have received a lot of attention, they're going to continue

no matter what because there's incredible incentive and interest within the Chinese state for that to happen.

So like I said, Belt will evolve, but that doesn't mean that the political implications of it have disappeared or some of the economic implications are any less salient.

MS. SOLIS: Wonderful. Jonathan.

MR. STROMSETH: You know briefly I would, you know, really agree with Rush on this. I had mentioned earlier that I think in the Southeast Asia context that I look at you've seen a learning process that I think will make Belt and Road more sustainable over time. But we are now, you know, facing real economic challenges from country to country because of COVID-19. I think those challenges and the debt issues they're bringing on, the debt management issues, are much more pronounced in Africa than they are in Southeast Asia, though you do see Laos and to some extent Cambodia also grappling with those pressures now.

I think one interesting thing going forward, to echo Rush, it is a big brand but it's also a lot of little projects. You see Japan for instance at least recently, having some maybe third party or third country cooperation on infrastructure with China for instance in Thailand. Again, very much a work in progress. Other countries in Southeast Asia are looking at that, you know, and seeing if there will be more engagement by middle powers and great powers, perhaps even the U.S. in this broader initiative.

MS. SOLIS: Thank you, Jonathan. And then you know what I always hear from Tokyo, they always emphasize that that cooperation is contingent on China abiding by their quality standards for infrastructure finance. So very interesting events taking place there. Unfortunately we have come to the end of our time. There are so many questions I didn't get to ask you, the audience engagement has just been terrific. We could have a separate event just taking those questions. But I've already taken a lot of your time. I want to thank each one of you my colleagues here at Brookings for sharing your insights, and again thank you to the audience for joining us today. Good bye.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

ANDERSON COURT REPORTING
1800 Diagonal Road, Suite 600
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2024