



U.S. East Asia Policy by James A. Kelly

As President Bush begins his second term, many have asked how announced and anticipated changes in his foreign policy team will affect U.S. policy in Asia. While I can't predict the prospects for U.S. policy over the next four years, it is safe to say there will be no profound differences. First, many policy aspects worked reasonably well in the first administration; there is little reason to change them. Second, President Bush and Secretary of State Condoleezza Rice have been intimately involved in every important component of East Asia-Pacific policy over the last several years, so there is no reason to expect major shifts. Finally, Deputy Secretary of State Robert Zoellick has both affinity for and first-hand experience in Asian political questions, as well as the economic issues on which he put so much attention as U.S. trade representative.

As I look back over the last four years, engaging China and handling its "peaceful rise" is inevitably the top priority. Since the "bad days" of the EP-3 crisis, we have developed a cooperative, constructive, and candid relationship with China. By candid, I mean there are a number of issues over which we have strong disagreements: human rights, and protection of intellectual property rights, to name but two. But it is important to note that there have been an increasing number of issues on which we cooperate very well.

China has changed a lot over the last decade. Its diplomats – and many of China's leaders – are very intelligent, and well educated. They are capable, and far more confident. During and before the Clinton administration, leadership or senior diplomatic phone calls were unusual; sometimes they took 24-36 hours to arrange. During much of the EP-3 incident, no one on the Chinese side was taking calls. Now, we have as many as four to five senior-level calls a month, some with only 30 minutes notice on either side. Overhanging this is a complex and important economic relationship. The U.S. has an enormous trade deficit with China and U.S. companies have invested significant amounts of money in China. For its part, China (as Japan and others) has huge foreign exchange reserves that are invested in U.S. Treasury instruments and that has a powerful impact on the U.S. economy.

Two important domestic factors shape Beijing's thinking: the first is economic growth and improvements in the lives of many Chinese; the other is rising nationalism. There are many causes of that nationalism, but it's fair to say most Chinese people are sensitive to what they believe to be 200 years of mistreatment by foreigners and they "are mad as hell and not going to take it anymore." This cultivated but real sense of victimization does put some limit on Chinese government action. But does that tell us where a most untransparent China is going to go? Some, not many, believe that China is headed for a bad end and we had better be prepared for a new Cold

War. Others are optimistic given China's movement into status as a global power. There are conflicting possibilities and the U.S. must be mindful of both sets.

Another point of emphasis for the Bush administration has been its alliances in Asia. That is something we feel pretty good about. The U.S.-Japan relationship has never been stronger. That is the product of hard work on both sides and important changes in Japan. North Korea's admission that it abducted Japanese citizens and its development of ballistic missiles have helped make Japan a supporter of ballistic missile defense. The joint declaration produced by the Feb. 19 Security Consultative Committee should not be seen as new or shocking, but it is a robust statement that goes beyond what earlier Japanese governments would have said.

Important gains have been made in our relations with Australia. From an FTA (Free Trade Agreement) to Southeast Asia to Iraq, cooperation has been at a new level. That is the product of hard work and a bit of timing. Prime Minister John Howard was visiting Washington on Sept. 11, 2001 and that defining event, experienced together, has built a partnership and friendship between President Bush and Mr. Howard that has worked well for them and for both countries.

The press is full of stories about how the U.S.-ROK alliance is beset with difficulties. It is true that there are some problems but not as much as media suggest. There are tangible accomplishments, too. South Korea has the third largest number of military forces in Iraq (behind only the U.S. and Britain). After years of effort, we have reached agreement on moving U.S. forces out of Yongsan Base in Seoul. We have agreed on the realignment of U.S. forces in Korea. President Roh has excellent communication with President Bush. He speaks directly and sincerely.

On North Korea, when it counts we are on the same page. The determination to have a nonnuclear-armed Peninsula is clear. At the same time, South Korea has an understandable preference for keeping things calm. If tensions go up, the risk premium on South Korea's extensive public and private borrowing goes up. As a result, there is a powerful economic disincentive to raising tensions on the DMZ. South Koreans, with 52 years of hard work to build prosperity south of a mostly peaceful DMZ, have complex views about the North that complicate, but the alliance endures for good reasons.

When I got back to Washington four years ago, I was surprised at the deterioration of U.S.-Philippine relations. Concern for the war on terror and good leadership chemistry has improved relations, but there are still problems with the basic approach of the Republic of the Philippines to life in East Asia. Forty years ago, the Philippines was Asia's most prosperous country (less Japan) and that is not true today. Why? When the Philippines finds the solution to that question

and unlocks the unquestioned talent of its 80 million people, that will be very good news.

Our relationship with Thailand and our alliance has been strengthened. Prime Minister Thaksin Shinawatra has proven to be a strong and occasionally mercurial leader.

While not a treaty ally, our relationship with Indonesia is also very important. Last year was a remarkable experience in democracy with three national elections that ended with Susilo Bambang Yudhoyono as president. The tsunami has been a setback for the new administration and there are a host of other problems, but at the same time these have provided a catalyst for the U.S. to improve relations with that country. The Indonesian experience is a reminder that the spread of democracy in the Asia Pacific has been a very strong story in many respects. Last year witnessed a long list of elections in more than ten countries. Much is now routine, but no less remarkable given where Asia and the Pacific have been.

Our bilateral relationship with Vietnam has significantly improved. But Vietnam is still, with delays in its World Trade Organization (WTO) membership, behind the economic power curve. Four years ago we signed a bilateral trade agreement, but for internal political reasons, Hanoi had delayed that for two years. It has since discovered that that in turn delayed its accession to the WTO and that the delays have put them behind competitors and, in particular, adversely affected the textile sector. There has been very strong growth in trade with the U.S. While there is still lots of distrust, there has been a significant improvement in relations. Vietnam's prime minister is expected to visit Washington later this year. The Vietnamese have a love of education and a determination to move ahead that is as strong as that in China and perhaps stronger than much of the rest of Southeast Asia. It will take them a few more years to sort through internal political impediments, however.

Now, I'll turn to regional organizations and opportunities. Just a few years ago, China seemed to hate the idea of multilateral organizations. Beijing felt such gatherings were occasions to criticize China and its activities. Still, China decided to grit its teeth and join. As a result, there is now a significant group of educated and experienced people who attend and China is eager to participate in multilateral organizations. And if the U.S. isn't in them, that is just fine with Beijing. This applies to the various ASEAN plus 3 (or more) groupings and, now, the East Asia Summit.

Some worry that the U.S. is giving the initiative to China. In particular, the China-ASEAN free trade agreements have won a lot of attention. But the U.S. is not being dealt out. The Enterprise for ASEAN Initiative – a series of Trade and Investment Agreements (including FTAs) with strong support from former Trade Representative Zoellick, are moving forward. Leading emphasis continues to be on APEC, the region's sole all-inclusive gathering, both for following through on its agreed trade liberalization and in relating it to political/security concerns that directly impact trade. We are still unclear about the proposed and poorly defined East Asia summit. Is it different from the ASEAN Plus Three? No one knows. Possibly India is going to go to the meeting, but

probably not Australia and New Zealand. The U.S. has not been invited.

Challenges remain. The threat raised by North Korea and the nuclear weapons it undoubtedly has remains a most serious problem. North Korea has had at least 14 years to work with plutonium and to make a weapon. It has hard workers, smart, and well educated. Logic alone says the North could have weapons – you don't need particular intelligence. It was reported that Pakistani A.Q. Khan has said that he was taken to a cave and shown three nuclear weapons ready to fit on a missile. Eight or ten times the North has said that it has such weapons, and it has certainly worked hard to that end in various kinds of technology.

The Six Party Talks are an appropriate venue – involving each national player with essential interests – but North Korea has been working on nuclear weapons for very many years and it is not about to easily give them up. Pyongyang will certainly make a deal, but it wants an arrangement that guarantees what it sees as its security, avoids any issues like human rights, pays generously and only requires it to give up some of its nuclear weapons capabilities. Solving this problem is going to be a long and difficult process. Delay involves risks. The possibility that the DPRK might sell weapons or other fissile material to any buyer, although it says that it would not, is a potential nightmare. Yet, various ideas for a “quick” solution are unattractive. Patient, but persistent, diplomacy is needed.

Resolution is not impossible. While there have been some economic reforms, North Korea still requires certain resources from the outside – food, fuel, and cash. Its illicit attempts to seek such resources offer vulnerabilities. Japanese measures and diminished missile sales have hurt cash flow to the North. The prolonged opposition of Japan and the U.S., and the careful attitude of the ROK put a certain amount of pressure on NK. But is it enough? That is another question.

Cross-Strait relations remain a serious problem. The Lunar New Year charters were a good step but considerable difficulties remain. PRC leaders seem to vie to be seen with the hardest line. There is the anti-secession law to be enacted by the National Peoples' Congress. No one has seen exactly what it says, but the law's timing is poor and only hard liners – on either side of the Strait – will be pleased. U.S. Taiwan Strait policy remains necessarily steadfast, as it has since the 1979 normalization, notwithstanding the changes on both sides. The phrases: “peaceful resolution,” “our one-China,” “three communiques,” “Taiwan Relations Act,” “non-support of independence,” and “opposition to those who seek unilateral change to the status-quo,” remain arcane, but essential.

Taiwan is a vibrant democracy that is deeply involved in both the global economy and that of China. But, frankly speaking, there are some difficulties in the very important, “unofficial” relationship between Washington and Taipei. These are less problems in communications than in a desire to hear what is wanted rather than what has been said. It is hard to discuss sensitive issues when so much is likely to turn up in the newspaper the following day. Moreover, Taiwan's inclination to hear what it wants, means the U.S. sometimes has to say things publicly to get the message through.

The situation in Burma just gets worse. Years of looking for improvement signals seem fruitless. Sanctions neither satisfy nor work, but should not be lifted. More and more, Myanmar, as Burma's junta calls itself, seems to be moving toward effective rule by one man, Than Shwe.

Then there is the war on terror. Terrorism is part of the scenery all over the world, and especially in places with significant Muslim populations in Southeast Asia. We have made progress but there is more work to do.

The tsunami crisis demonstrated broader U.S. engagement with the region. Notwithstanding some criticism, the U.S. responded quickly. Remember, even 72 hours after the tsunami, the estimates were still only 5,000 dead in Aceh. Now the death toll there is estimated to be 200,000. For affected governments' ministers, the first call offering help came from Secretary of State Powell. U.S. military aid was critical early on, but help from others was needed, too, such as Australia. Singapore was also quick to respond and the countries affected responded well. Now, the UN and relief organizations have much to do in helping, at least for Indonesia and Sri Lanka.

U.S. policy in Asia is practical and sound. I remain optimistic.

James A. Kelly was the Assistant Secretary of State for East Asian and Pacific Affairs from 2001 to 2005. He is Counselor to the Pacific Forum and Senior Adviser to CSIS. These comments were made in remarks to the Pacific Forum CSIS' Honolulu International Forum, Feb. 23, 2005.

Applications are now being accepted for the 2005 Pacific Forum Vasey Fellow position. Details, including an application form, can be found on the Pacific Forum web site [<http://www.csis.org/pacfor/vasey.htm>]