



# An American Strategy for Southeast Asia



**MICHAEL MAZZA**

AUGUST 2018

A M E R I C A N   E N T E R P R I S E   I N S T I T U T E

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Cover photo: Malaysia's former Prime Minister Najib Razak, Myanmar's State Counsellor and Foreign Minister Aung San Suu Kyi, Thailand's Prime Minister Prayut Chan-o-Cha, Vietnam's Prime Minister Nguyen Xuan Phuc, US President Donald Trump, Philippine's President Rodrigo Duterte, Singapore's Prime Minister Lee Hsien Loong, Brunei's Sultan Hassanal Bolkiah, Laos' Prime Minister Thongloun Sisoulith, Indonesia's President Joko Widodo, and Cambodia's Prime Minister Hun Sen pose for a family photo during the ASEAN-US 40th Anniversary Commemorative Summit in Manila, Philippines, on November 13, 2017. Reuters/Manan Vatsyayana/Pool

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# Executive Summary

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Southeast Asia's geostrategic centrality in Asia is often underappreciated. But the region *is* central. In short, Southeast Asia has been geopolitically important due to the sea lanes that pass through it, its proximity to and abutment of India and China, and the resources which it hosts. In addition to these factors, the resilience of illiberal, unaccountable regimes in the region has long drawn American attention.

Southeast Asia is a place of not only great opportunity for the United States but also significant risk. Latent economic dynamism could help drive global growth, but illiberalism and domestic security challenges such as terrorism and insurgency could prevent the region from meeting its potential. A majority of the region's 635 million residents live in democracies, but democratic consolidation is an ongoing and uncertain process, democratic backsliding has stricken the region, and countries such as Vietnam and Laos are still markedly unfree. Indeed, China's brand of authoritarian state capitalism may find favor in the region if it is seen as doing a better job than democracy at delivering economic results without sacrificing order. Equally troublingly, the American-led liberal international order, which has created the conditions in which a number of Southeast Asian states have thrived, is now under threat with China acting assertively in nearby waters and challenging commonly held notions of freedom of the seas.

These challenges—and opportunities—are local but have global implications. Given the region's importance and its complexity, it behooves the United States to design and implement a comprehensive strategy for Southeast Asia. Any discussion of strategy should begin with a discussion of ultimate ends. To wit, the United States should strive to shape a Southeast Asia that:

- Is at peace with its neighbors, in which states interact peacefully with one another, and in which open access to the global commons is assured;
- Embraces free-market economics, is more deeply integrated with global trade and financial flows, and prospers as a result; and
- Hosts resilient, responsive, and accountable governments and is, over the longer term, free and democratic.

To achieve those ends, the United States should implement a strategy with security, economic, and governance pillars. Should the United States succeed, it will ensure a regional balance of power favorable to the United States and its friends and allies, shore up the liberal international order, deepen prosperity at home and in Southeast Asia, and advance freedom in the region.



# I. Why Southeast Asia Matters

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The Trump administration's National Security Strategy (NSS), released in December 2017, marks an important step in aligning American strategy with the world as it is in Asia. The NSS describes "a geopolitical competition between free and repressive visions of world order" in the Indo-Pacific region. China (and Russia) "challenge American power, influence, and interests, attempting to erode American security and prosperity." Meanwhile, North Korea (and Iran) "are determined to destabilize regions, threaten Americans and our allies, and brutalize their own people." As a result, "the United States must marshal the will and capabilities to compete and prevent unfavorable shifts in the Indo-Pacific" and to keep the region "free and open."<sup>1</sup>

The NSS correctly identifies the region's primary challenges from state actors and rightly emphasizes US alliance relationships. The South China Sea is prominently mentioned in the context of a discussion about the Chinese challenge, but Southeast Asia otherwise seems an afterthought. It earns a short paragraph in the regional overview, but how it fits into the administration's broader thinking on Asia is unclear. Reading the NSS, one does not glean an appreciation for the region's geostrategic centrality.

And the region *is* central. Lyndon Johnson, the president who escalated the American war in Indochina, may have described Vietnam as a "damn little pissant country,"<sup>2</sup> but that country might fairly be described as playing host to the world's most recent great-power war. Yes, the United States, North Vietnam, and South Vietnam were the main actors, but there were some 170,000 Chinese soldiers on the ground in North Vietnam, some of whom were manning anti-aircraft batteries and shooting down American pilots.<sup>3</sup> Soviet pilots were engaged in air combat with their American counterparts.

In his 1999 book, *Vietnam: The Necessary War*, Michael Lind argues that Korea, Taiwan, and Indochina "were not contested because they were important. They were important because they were contested." Lind is half right. Because the "three fronts," as Mao Zedong called them, hosted contests of will between the communist and noncommunist blocs, they became symbolically important. Lind posits that "the chief purpose of the United States in Vietnam was to demonstrate America's credibility as a military power and a reliable ally to its enemies and its allies around the world."<sup>4</sup>

But geography, and not simply the peculiar logic of the Cold War, rendered the fate of Vietnam (and of Korea and Taiwan) important to the great powers. Consider a map of the region (Figure 1). Southeast Asia—typically considered to include Burma, Thailand, Laos, Cambodia, Vietnam, Malaysia, Singapore, Indonesia, Brunei, the Philippines, and East Timor—can act either as a land barrier dividing the Indian Ocean from the Pacific Ocean or as a series of bridges and canals connecting them. It is the region where the civilizational empires of India and China, divided by the Himalayas, have met and interacted. Southeast Asia is rich in natural resources, from fish and energy to wood and gemstones. Today, it is home to some 635 million people, has a combined gross domestic product (GDP) slightly larger than India's, is responsible for 41 percent of the world's tin production and 75 percent of global rubber production, and (in 2010) accounted for nearly one-third of US seafood imports.<sup>5</sup>

American strategists have long recognized these features. In his famous "United Action Speech" in 1954, Secretary of State John Foster Dulles described the region thusly:

The propagandists of Red China and Russia make it apparent that their purpose is to dominate all of

Figure 1. Southeast Asia



Source: Author.

Southeast Asia. Southeast Asia is the so-called “rice bowl” which helps to feed the densely populated region that extends from India to Japan. It is rich in many raw materials, such as tin, oil, rubber, and iron ore. It offers industrial Japan potentially important markets and sources of raw materials. The area has great strategic value. Southeast Asia is astride the most direct and best developed sea and air route between the Pacific and South Asia. It has major naval and air bases. Communist control of Southeast Asia would carry a grave threat to the Philippines,

Australia, and New Zealand, with whom we have treaties of mutual assistance. The entire Western Pacific area, including the so-called “offshore island chain,” would be strategically threatened.<sup>6</sup>

In short, Southeast Asia has been geopolitically important due to the sea lanes that pass through it, its proximity to and abutment of India and China, and the resources which it hosts. Those truths have driven developments in and competition over the region for several hundred years.

## No Mere Sideshow: Southeast Asia's Geostrategic Centrality

In Djibouti, China has built what is often described as its first overseas military base. But that distinction perhaps more appropriately belongs to the city of Malacca, where Zheng He, the famous Ming-era admiral, established a garrison during one of his “voyages of friendship.” “Even then,” Geoff Dyer writes, “policing the [Malacca] strait was an important way of imposing the will of the Ming Empire on the states in the region that relied on maritime commerce.”<sup>7</sup> Further up the Southeast Asian peninsula, meanwhile, China launched an overland invasion of northern Vietnam, establishing a “full-blown colonial occupation” more than four centuries before the French. According to Dyer, “China levied taxes on gold and salt, as well as lacquer, sappan wood, kingfisher feathers, fans, and aromatics.”<sup>8</sup>

In the centuries that followed, China would come to see its dominance in Southeast Asia displaced as Europeans arrived on the scene. The Dutch and Portuguese tussled over Malacca, both eager to control the maritime strait on which commerce with their colonial possessions further east depended. In the 19th century, France focused its efforts on Indochina, hungering for natural resources and new markets to feed its growing economy and seeking to keep pace with Great Britain's expanding colonial empire. Paris, perhaps, also viewed Indochina as a base from which to penetrate and protect its interests in China.

Europe's dominance of Southeast Asia would not last. As the 19th century came to a close, the United States became an unlikely colonial power after gaining the Philippines in the aftermath of the Spanish-American War. Although President William McKinley cited a civilizing mission as cause for converting the Philippine islands into an American colony, their possession served strategic ends as well. Along with Hawaii and Guam, the new territory better enabled the United States to protect transpacific sea lanes (which had grown in importance following completion of the transcontinental railroad and America's own Industrial Revolution), protect the “open door” in China, and defend its commercial interests on the Asian mainland.

Geography similarly colored Australia's view of Southeast Asia, especially as Tokyo turned to expansionist policies starting in the late 1800s. As World War II approached, Canberra saw Singapore as absolutely crucial to its own defense, believing that if the island stronghold fell, little would stand in the way of Japan invading Australia. London's failure to effectively act on Australian concerns in the years preceding Pearl Harbor eventually led to a crisis in relations, with Prime Minister John Curtin, somewhat astonishingly, asserting that Australia “looks to America, free of any pangs as to our traditional links or kinship with the United Kingdom.”<sup>9</sup> Singapore would fall in February 1942, with Japan eventually occupying Indochina, Malaya, Singapore, the Dutch East Indies, and the Philippines. In doing so, Japan secured the resources it needed to feed its economy while locking the Western powers out of Asia's littoral waters and complicating Western efforts to support China's own war against Japanese occupiers.

Although the Pacific War typically conjures images of great naval engagements and the battles for islands such as Bougainville, Iwo Jima, and Okinawa, the Southeast Asian theater was no mere sideshow. The Burma Campaign saw American, British, Indian, and other forces engaged in battle with Japan on the Asian mainland, with the Allies seeking to reopen the Burma Road, which would allow for overland supply of Chiang Kai-shek's Kuomintang army. Between January 1942 and July 1945, the Allied and Axis powers each suffered roughly 200,000 casualties in the Burma campaign.<sup>10</sup> The bombing of Hiroshima and Nagasaki likely ended the war before the Burma Road's reopening could have a noticeable strategic effect, but the price paid to do so underscores the geostrategic importance of the only viable overland route between India and southern China.

Regardless of how fast jets may now fly or how far ships may sail before refueling, these geographic truths remain. The sea lines of communication that stretch through Southeast Asian waters are key shipping conduits in the global economy. (About one-third of global maritime trade passes through the South China Sea, worth about \$3.4 trillion; two-thirds of the world's oil transits Southeast Asian waters, with

80 percent of China's oil imports passing through the Malacca Strait; and more than 80 percent of crude oil imports for Japan, South Korea, and Taiwan pass through the South China Sea.<sup>11</sup>) They are likewise key routes through which the United States, China, India, Japan, and others project military power. The region acts as a buffer—or a link—between China and India and between Australia and Asia's major powers. Southeast Asian waters can provide strategic depth to the littoral states that control them or invasion routes for those that do not. Lastly, the region is rich in resources on which both Southeast Asians and others rely for their economic well-being. These features will continue to shape external powers' approach to Southeast Asia in the 21st century.

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## **The sea lines of communication that stretch through Southeast Asian waters are key shipping conduits in the global economy.**

Finally, through much of its history—and especially its recent history—Southeast Asia has been characterized by its division into relatively weak polities. This is not an immutable feature of the region, but it has proved enduring. Southeast Asia's geographic truths ensure it will attract the attention of external powers, but power imbalances make intervention in the region a more attractive option for those powers. It is little wonder, then, that in recent years China has conceived of Southeast Asia as an arena in which to demonstrate and burnish its own power, seeking to divide the Association of Southeast Asian Nations (ASEAN), buy influence, coax local states into aligning

themselves with Beijing, and coerce those that have proved resistant to Chinese inveigling.

### **A (Potential) Driver of Global Growth**

Abundant natural resources do not alone account for Southeast Asia's economic significance. Indeed, Southeast Asia (along with India) could be a key driver of global growth in the coming decades. Economic dynamism in Asia is often attributed to the large, developed economies—Japan, South Korea, and Taiwan—and especially to China, whose market potential has attracted the attention of Western businessmen for centuries. Yet all face economic headwinds that will be difficult to overcome.

Japan has suffered two decades of economic stagnation, and although Prime Minister Shinzo Abe has promised since 2012 to revitalize the economy by, in part, adopting major market-oriented reforms, those reforms have thus far failed to materialize. Loose money and fiscal stimulus have led to short-term boosts in growth but, absent structural reforms, have failed to jump-start the Japanese economy. Meanwhile, Japanese debt has grown.

Japan, South Korea, and Taiwan all face similar demographic profiles. Their fertility rates have been below replacement level for decades. Japan's total population is already shrinking, while South Korea's will begin shrinking around 2025. South Korea's working-age population is already at its peak. Taiwan's negligible population growth will come to a halt during the next two decades. As these countries' populations grow older, an increasing share of capital will likely be spent on retirees and eldercare.<sup>12</sup>

China is perhaps in direr straits, as it will grow old before it grows rich, unlike its Northeast Asian neighbors. According to Dan Blumenthal et al., "Over the next 20 years, the U.N. Population Division expects a drop in Chinese working age groups by more than 60 million (about 6 percent—but gaining speed, and shrinking by about 1 percent a year in the mid-2030s)."<sup>13</sup> Even so, Beijing has shown little interest in adopting market-friendly reforms that could boost growth in ways that would make the task

of managing an aging population a less severe burden. Indeed, China has slowed, and even reversed, progress toward a free-market economy since Hu Jintao assumed leadership in 2003. China is awash in debt, state-owned enterprises dominate key sectors of the economy, innovation is inhibited, environmental degradation is severe, and private property remains, largely, a foreign concept in rural areas (home to 600 million Chinese people).<sup>14</sup> “It’s not certain that China will stagnate economically,” Blumenthal et al. write. “But the country wandered off the right path in 2003 and, without radical change, will end up stuck well before 2023. Without China, there is no Asian century.”<sup>15</sup>

Yet maybe there is. Southeast Asia is home to nearly 635 million people. But unlike East Asia’s 1.6 billion strong population, Southeast Asia’s is growing at a somewhat healthier rate (1.0 percent versus 0.4 percent in 2015, according to the US Census Bureau) and is generally younger.<sup>16</sup> Vietnam (95 million), Indonesia (258 million), and the Philippines (102 million) account for approximately 70 percent of the region’s total population and in 2015 had respective GDP growth rates of 6.7 percent, 4.8 percent, and 5.8 percent.<sup>17</sup> With effective economic policy, potential for future growth remains high as these countries remain in the early stages of reaping their demographic dividends—the one-time transition from high to low fertility rates, which results in a bulging labor force and decreasing dependency ratios.

As a whole, Southeast Asia’s working-age population as a share of the total population is expected to grow from less than 60 percent in 1990 to 68 percent by 2025.<sup>18</sup> At the same time, the region’s middle class, pegged at 190 million people in 2012, will grow to 400 million by 2020.<sup>19</sup>

If Southeast Asian governments can ensure that the hundreds of millions entering the labor force will be gainfully employed and if projections for middle-class growth—an expansion of hundreds of millions with growing disposable incomes—prove accurate, regional economies could truly take off, with global implications.

## Regional Security Challenges, Global Implications

Yet even as Southeast Asia is, economically speaking, poised for its own (successful) great leap forward, storm clouds are gathering. Indeed, stability in Southeast Asia is on the wane as the region undergoes rapid shifts. In the South China Sea, territorial claims have festered. While all disputants have worked at times to assert their claims, China has been particularly aggressive. In recent years, China has harassed US naval vessels and aircraft in international waters and airspace; snatched control of at least one disputed feature from another claimant; damaged foreign commercial vessels; deployed an oil rig into Vietnam’s exclusive economic zone (EEZ); conducted regular shows of force through the sea, including at James Shoal, the (underwater) feature furthest from Chinese shores and one to which it has no legitimate claim; and engaged in an island-building and fortification campaign in the Spratly and Paracel islands.

Troubling to ASEAN and to the South China Sea claimants in particular, China has displayed disdain for the Declaration on the Conduct of Parties in the South China Sea, to which it agreed with the ASEAN states in 2002, and has stonewalled efforts to develop a binding code of conduct for the region, the recently announced “framework” notwithstanding. Perhaps most concerning, China has rejected the findings of an international arbitration, to which it is treaty bound to respect, on some aspects of the South China Sea territorial disputes.

All this activity has occurred against the backdrop of comprehensive modernization of the People’s Liberation Army, to which others in Southeast Asia are now responding. According to the Stockholm International Peace Research Institute, defense spending in Southeast Asia doubled between 1992 and 2013. For 2007–16, that spending grew 47 percent. Over that same time period, Vietnam’s defense spending rose 81.8 percent in real terms, Indonesia’s by 112.7 percent, and Thailand’s by 42.9 percent.<sup>20</sup> Vietnam, the Philippines, Indonesia, Malaysia, and Singapore have been, in particular, upgrading their air and maritime forces and investing in sensors that will provide them

with more complete information about developments inside and outside their territorial waters.

China alone, however, is not driving military modernization in Southeast Asia. On the one hand, independent of developments elsewhere, many of these countries would be engaging in some level of modernization regardless. Having recovered from the 1997 financial crisis and with their economies growing, it is only natural that they would want to replace obsolete equipment with more modern materiel. In addition to worrying about China, moreover, the countries of Southeast Asia often worry about each other. Despite their engagement via ASEAN, many have overlapping territorial claims in the South China Sea. Tiny Singapore is situated between behemoth Indonesia and Malaysia, toward whom it has held a healthy wariness since its independence. Singapore's decision to acquire submarines in the mid-1990s was at least partly, if not mainly, driven by Indonesia's doing so earlier in the decade. Indonesia, meanwhile, remains a primary security concern for Canberra. A more equitable distribution of military power across the region can contribute to enhanced stability, but it is not foreordained that it do so, especially given the complex nature of what Richard Bitzinger calls an "arms dynamic."<sup>21</sup>

On the other hand, the rise of an increasingly assertive China may be driving Southeast Asians to set aside their own rivalries. For example, the Philippines and Vietnam have established a strategic partnership even though their own maritime claims overlap. The partnership could make way for closer defense and security cooperation, including in the maritime realm.

Manila and Hanoi are not the only Asian countries hedging against an assertive China in this way. Robert Kaplan has described "a new webwork of relationships emerging bilaterally" in Asia:

At least nineteen new defense agreements were signed between 2009 and 2011 in this region. Vietnam, in particular, became the locus of a whole new set of partnerships that linked Hanoi with India, South Korea, Japan, the Philippines, Malaysia, Singapore, Indonesia, and Australia. And many of these countries have made a similar set of arrangements with each other.<sup>22</sup>

These are not new defense alliances or even proto-alliances. But this new web of overlapping dyads indicates an emerging alignment of large and small, powerful and weak countries opposed to Chinese aggrandizement.

Beijing is working hard to avoid such cohesion and, indeed, has made inroads in dividing ASEAN against itself. The case of Chinese relations with Cambodia is illuminating. Just days before the 2012 ASEAN Summit, Hu Jintao announced \$70 million in aid, expanding the \$1.2 billion in aid and soft loans offered in 2009 after Phnom Penh deported to China a group of Uighur refugees, including women and children. When Cambodia hosted the ASEAN Summit in 2012, its delegates were reportedly providing Chinese diplomats with drafts of the meeting's closing statement, which was to discuss the South China Sea. In the end, thanks to Cambodian intransigence regarding language on the sea, the summit ended without a joint statement for the first time in ASEAN's history. Beijing's sway in Phnom Penh has grown since then: In March 2015, Hun Sen endorsed China's position that disputes should be resolved bilaterally, not through ASEAN. In July 2016, when ASEAN was wrestling with the aftermath of the Permanent Court of Arbitration (PCA) ruling, China announced a \$600 million aid package for Phnom Penh, and, coincidentally or not, Phnom Penh blocked any mention of the PCA in an ASEAN joint statement.

Beijing has also made itself into an increasingly valuable partner for US ally Thailand in the wake of Washington's move to downgrade ties with Bangkok following the 2014 military coup. China and Thailand announced a new five-year defense agreement in February 2015, with the Thai defense minister explaining that China's policy is to "not intervene in Thailand's politics."<sup>23</sup> Bangkok plans on buying Chinese submarines and tanks, the two countries carried out their first combined air force exercises in 2017, and there have been discussions about establishing a joint arms production facility.

The status quo in Southeast Asia is changing. The United States Navy still dominates the region's waters when present, but China's adoption of a non-traditional definition of freedom of navigation means

dangerous incidents at sea and in the air are now a regular feature of US-Chinese interaction in the South China Sea. Shifts in the region's power dynamics have led China to act increasingly aggressive in pursuing its territorial claims and increasingly brazen in throwing around its economic weight. Even as ASEAN progresses toward forming an integrated ASEAN Economic Community, it grows less united as consensus on several core issues becomes harder to achieve. The desire of many Southeast Asian countries to maintain strong security relations with the United States and close economic relations with China may be an increasingly untenable position.

Unfortunately, military buildups and conflicting territorial ambitions are not the only security challenges afflicting the region. Numerous nontraditional security issues bedevil Southeast Asian governments and do so with potential global implications. Most prominently, the region hosts several insurgencies of varying intensity and is home to Islamist militant organizations, which have affiliations with global jihadist groups such as al Qaeda and the Islamic State. Moreover, these groups are engaged in or have ties to transnational crime, including piracy, kidnapping for ransom, human trafficking, and the drug trade.

Taken together, these challenges threaten both locals and foreign tourists, destabilize intraregional relations, inhibit economic and political development, threaten to increase the frequency and severity of human rights abuses, threaten international shipping, and make possible the emergence of ungoverned spaces from which terrorists might launch attacks abroad. Consider a few recent examples:

- During a battle with Kokang rebels in northern Burma in March 2015, a Burmese aircraft strayed across the Chinese border before dropping a bomb, killing five Chinese nationals.
- In June 2015, rebels ambushed Indian soldiers in Northeastern India's Manipur state before retreating across the Burmese border. In response, the Indian Army carried out a cross-border raid to destroy two rebel camps in Burma.<sup>24</sup>
- A series of coordinated bombings in Thai resort towns in August 2016 killed four and injured at least 20 others, including foreign tourists. The bombings have been linked to an insurgency in Thailand's majority-Muslim deep south. The southern Thai insurgency is not linked to global jihadist terror organizations.
- In June 2016, Reuters reported on a video in which a Malaysian militant in Syria instructed Southeast Asian Muslims to unite under Abu Sayyaf leader Isnilon Hapilon. "If you cannot go to (Syria)," he said, "join up and go to the Philippines."<sup>25</sup> Later, in 2017, ISIS-affiliated fighters took control of Marawi, a city in the southern Philippines, for several months.
- Allianz found that in 2015, Southeast Asia accounted for 60 percent of global piracy attacks, describing Vietnam as a new hot spot. Most are incidents of low-level threats, but a surge in piracy in spring 2016 in the waters near the Philippines, Indonesia, and Malaysia led Indonesian authorities to cut off coal shipments to the Philippines. Australian supertankers regularly pass through these waters.<sup>26</sup>
- Members of the Arakan Rohingya Salvation Army attacked a series of border posts in August 2017. The Tatmadaw, Burma's military, responded with a campaign of ethnic cleansing—and, per the United Nations, possible genocide—forcing hundreds of thousands of Rohingya Muslims in Rakhine State to flee across the border into Bangladesh.

On top of these violent threats, Southeast Asians also face the prospects of serious natural disasters combined with local governments' insufficient capabilities for effective response. Southeast Asia is one of the world's most disaster-prone regions. Since the turn of the century, Southeast Asian countries have been struck by the 2004 Indian Ocean earthquake and tsunami (208,000 killed and 142,000 unaccounted for<sup>27</sup>), a 2006 Java earthquake (5,700 killed<sup>28</sup>), 2008's

Cyclone Nargis (84,500 killed and 53,800 missing<sup>29</sup>), and 2013's Typhoon Haiyan (6,300 killed and 1,062 missing<sup>30</sup>). Numerous other earthquakes, volcano eruptions, storms, and floods, accounting for thousands of casualties, have been recorded.

## Security challenges in Southeast Asia have potentially global implications, as do economic opportunities.

Although humanitarian concerns may be paramount when the international community responds to disasters such as these, the effect of natural disasters in Southeast Asia can extend beyond broken hearts for those external to the region. Absent rapid humanitarian assistance following natural disasters, the risks of public health crises and the potential for pandemics in an interconnected world rise. Failed or ineffective disaster response can, eventually, create space for armed groups to operate with greater impunity or expand their ranks by recruiting the disaffected; on the other hand, effective humanitarian assistance and disaster relief (HADR) can provide opportunities for former foes to come together in a common cause, as happened in Indonesia's Aceh province following the 2004 tsunami.

Natural disasters can have wide-ranging economic impacts as well. Because of massive flooding in 2011, Thailand incurred \$45.7 billion in economic losses.<sup>31</sup> In the fourth quarter of 2011, Thailand's economy shrank 9 percent compared to a year earlier, with GDP shrinking 10.7 percent from the previous quarter.<sup>32</sup> GDP growth for 2011 was only 0.1 percent.<sup>33</sup> Further, because Thailand is a major cog in global supply chains—globally, it ranks 12th in automotive manufacturing, sixth in rubber tire manufacturing, seventh in computer device manufacturing, and second

in hard disk drive production<sup>34</sup>—economic effects extended well beyond the kingdom. For example, severe flooding across the country led to hard disk drive shortages and, as a result, increased consumer prices worldwide.<sup>35</sup>

### Governance and Human Rights

Systems of government in Southeast Asia run the gamut from autocratic, one-party states to freewheeling, multiparty democracies. Of Southeast Asia's 635 million people, 360 million can be said to live in genuinely democratic, if still maturing, states. That leaves 275 million people with more limited freedom and limited say in choosing who governs them.<sup>36</sup>

On the whole, the region is in the midst of a long and by no means irreversible transition from authoritarian to democratic rule, a process the United States has supported and, at times, nudged along over the past three decades. The spread of liberal democracy remains a key interest of the United States and like-minded allies. As Hillary Clinton, then secretary of state, explained in *Foreign Policy*, "We do believe that certain values are universal . . . and that they are intrinsic to stable, peaceful, and prosperous countries."<sup>37</sup>

American statesmen have long recognized that the stability the strongman provides ultimately proves illusory, that unfree societies may achieve some economic success but that economic dynamism is ultimately limited along with limits on personal freedoms, and that good governance is not truly possible when a citizenry has little say in how it is governed. Moreover, when the press, the judiciary, civil society, and other institutions are unable to hold governments accountable, those governments become more susceptible to malign domestic and external influence.

Security challenges in Southeast Asia have potentially global implications, as do economic opportunities. But it will be difficult for people inside and outside Southeast Asia to address those challenges and take advantage of those opportunities until governments across the region become more uniformly resilient, responsive, and accountable.

## II. An American Vision for Southeast Asia

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Southeast Asia is a place of not only great opportunity for the United States but also significant risk. Latent economic dynamism could help drive global growth, but illiberalism and domestic security challenges such as terrorism and insurgency could prevent the region from meeting its potential. A majority of the region's 635 million residents live in democracies, but democratic consolidation is an ongoing and uncertain process, democratic backsliding has stricken the region, and countries such as Vietnam and Laos are still markedly unfree. Indeed, China's brand of authoritarian state capitalism may find favor in the region if it is seen as doing a better job than democracy at delivering economic results without sacrificing order. Equally troublingly, the American-led liberal international order, which has created the conditions in which a number of Southeast Asian states have thrived, is now under threat, with China acting assertively in nearby waters and challenging commonly held notions of freedom of the seas.

These challenges—and opportunities—are local but have global implications. Given the region's importance and complexity, it behooves the United States to design and implement a comprehensive strategy for Southeast Asia. Any discussion of strategy should begin with a discussion of ultimate ends: What should be America's long-term vision for Southeast Asia?

### Enduring Goals

The United States has been part of the fabric of Southeast Asia since the end of the 19th century, when it acquired the Philippines, America's first colonial

possession, from Spain at the end of the Spanish-American War. At the outset, President McKinley did not enter into conflict aiming to acquire far-flung territories in the Pacific, and the decision to occupy and annex distant islands was a contentious one among the American body politic.

McKinley asserted that he struggled with the decision himself and that, in a prayerful moment, he realized “that there was nothing left to do but take them all, and educate the Filipinos, and uplift and civilize them, and by God's grace do the very best by them as our fellow-men for whom Christ also died.”<sup>38</sup> The sentiment was likely sincere, but there was, as well, a strategic rationale for taking hold of the Philippines. The late 19th century played host to a raft of changes that led to a shift in America's conception of its interests. Domestically, the closing of the continental frontier and the Industrial Revolution had Americans increasingly looking abroad for new markets. Growing transpacific trade and the winding down of the Indian Wars, meanwhile, meant that American security interests became more externally focused.

Across the Pacific, the United States watched, with growing wariness, the rise of Japan and the nascent stages of its territorial aggrandizement. Europeans were extending their grasp in the region too. France was busy colonizing Indochina, and both France and Germany were acquiring island possessions in the South Pacific; McKinley described the two European powers as “commercial rivals” of the United States. The British, French, Germans, Russians, and Japanese had all secured territorial concessions in China, leading John Hay to issue his first Open Door note in 1899. In short, the latter half of the 19th century saw the expansion of not

necessarily amicable empires in the Asia-Pacific, with those empires gaining access to the region's resources and threatening exclusive access to promising markets at a time when those markets were of growing importance to the United States.

Enter the Philippines. Annexing the islands would ensure that they would not fall into the hands of one of America's so-called commercial rivals in Asia. More importantly, Manila Bay was prime real estate for an American Navy that was increasingly concerned with protecting sea lanes that led back to Hawaii and the North American continent in order to ensure freedom of navigation for the US commercial fleet and continued open access to the Chinese market. Rather than a strategic liability, the Philippines became an outpost of American might in the Western Pacific and a platform for power projection in the region, including onto the Asian mainland (i.e., during the Boxer Rebellion).

Through much of the 20th century—particularly after World War II—American strategy in Southeast Asia was driven by a broader strategic imperative, which emerged in the late 19th century just as America was grappling with whether to annex the Philippines; namely, to prevent a hostile hegemon from dominating either end of the Eurasian landmass. Such an eventuality would threaten the United States' free access to important markets and oversea trade routes and give the hostile state access to abundant natural resources with which it could further aggrandize its own power. This imperative drove the United States to participate in World War I, attempt to circumscribe Japanese power in the interwar period, and join the war in Europe after the attack on Pearl Harbor. It was likewise behind the Cold War containment strategy, which led to the establishment of the North Atlantic Treaty Organization and to America's system of bilateral alliances in Asia, including alliances with the Philippines and Thailand.

During the Cold War, American policymakers explicitly conceived of US interests in Southeast Asia in terms of this strategic imperative. NSC 48/5, written in 1951, laid out America's "long-range objectives" in Asia:

- The emergence of internally stable states friendly to the United States and able to defend themselves against external aggression;
- Reduction or elimination of the Soviet Union's "preponderant power and influence" in Asia, such that the Soviet Union will be unable to threaten America and American interests from or in Asia;
- A balance of power favorable to the United States and that is not conducive to the emergence of threats to American security interests; and
- The emergence of "mutually advantageous" trade relationships between Asian nations and "the rest of the free world."<sup>39</sup>

Although the Soviet Union and international communism are no longer the overriding threats in the region, the contours of these interests remain remarkably consistent to the present day. To maintain a balance of power in the region favorable to American interests, the United States should seek to shape a friendly Southeast Asia that is at peace with itself and its neighbors, that embraces open markets and more tightly enmeshes itself in the global trade and financial system, and that embraces democracy and human rights.

### **Southeast Asia in China's Shadow: Open and Peaceful**

Security threats in Southeast Asia provide the most pressing challenges to US interests in the region and, of course, to Southeast Asians themselves. Seemingly intractable territorial disputes in the South China Sea raise the specter of war among the claimants, with the potential to draw in the United States. But even short of war, China could achieve its goals in the sea, slowly but surely extending its control, putting itself in a better position to (1) threaten the freedom of navigation on which American commercial and security interests depend and (2) project military power against its Southeast Asian neighbors, forcing them to make

decisions while under constant threat of coercion, implied or otherwise.

Even as China threatens the region from the north, the possibility of interstate conflict within Southeast Asia should not be ruled out. To be sure, such conflict is unlikely. Stark, Cold War–era ideological divides are a thing of the past. Indonesia has long since abandoned its *Konfrontasi* policy, and, for all its faults, ASEAN has largely normalized peaceful interactions among member states. Yet, Southeast Asian claimants to maritime territory in the South China Sea have disputes with one another, not solely with China; competitive impulses among the ASEAN states drive military procurement; and cross-border militant activities raise tensions between governments. Indeed, extant intra-ASEAN squabbles can turn deadly: In the past decade, for example, Thailand and Cambodia have engaged in a series of armed border skirmishes, with fatalities on both sides.

Meanwhile, ongoing insurgencies of varying intensity and the scourge of terror threaten life, liberty, and property across the region. These threats to the United States are indirect, but notable nonetheless. Militant jihadists have a tendency to set their sights beyond their own borders and may be susceptible to mobilization by militants operating in other regions, such as the Middle East. Internal challenges have stricken US treaty allies the Philippines and Thailand, forcing them to focus inward rather than make positive contributions to international security. And when jihadism rears its ugly head in Indonesia, US ally Australia's security is unsettled.

Meanwhile, terrorists, insurgents, and bandits deter investment and, via piracy, may directly threaten international trade. These threats hamper both economic development and political liberalization.

Over the long term, then, the United States should strive to shape a Southeast Asia that is at peace with its neighbors, in which states interact peacefully with one another, and in which open access to the global commons is assured. Looking to the future, moreover, the United States should not think of peace solely in negative terms—peace as the absence of violence—but in positive terms as well. A positive peace would see those issues that drive states

toward conflict not only managed but also resolved. A positive peace would likewise see the settlement of disputes driving domestic insurgencies and the mitigation of factors underlying militant Islam's appeal in the region.

A region at peace with itself and with others will deny unfriendly external powers opportunities to exploit divisions and will ensure an environment in which Southeast Asia's political and economic development can advance at a faster pace, to the benefit of Southeast Asians and Americans alike.

### **Southeast Asian Economies: Open and Prosperous**

Southeast Asia's economic potential can perhaps most draw the attention of the American people. Taken as a whole, ASEAN has the world's third-largest population and seventh-largest economy. Its middle class is set to reach 400 million by 2020, with consumer spending expected to grow 30 percent above the 2016 level of \$1.47 trillion to reach \$1.92 trillion.<sup>40</sup> The region's most important economies—Vietnam, Indonesia, and the Philippines—should play an important role in driving global growth as China runs into stronger economic headwinds.

Relatively low labor costs will see labor-intensive operations shift from China southward. This shift is already happening but will accelerate in the coming years.<sup>41</sup> This will benefit Americans by keeping consumer prices low and creating new markets for American goods and services.

Unfortunately, the region as a whole has not yet embraced free trade and the free flow of capital (nor, to be fair, has President Donald Trump; see the fourth chapter). The United States has a free trade agreement (FTA) with only one Southeast Asian country (Singapore), and only four Southeast Asian countries (Singapore, Malaysia, Vietnam, and Brunei) were included in the now-defunct Trans-Pacific Partnership (TPP). Vietnam and Laos remain communist states; Vientiane, in particular, has refused to embrace market reforms, while state-owned enterprises remain major players in the Vietnamese economy. Indonesia maintains a number of protectionist measures to prop up domestic

industries, while the Philippines' constitution limits foreign direct investment. Burma seeks greater foreign trade and investment, but it has only slowly adopted the requisite reforms while its political system continues to deter truly robust foreign investment.

For sure, there has been some progress. The ASEAN Economic Community, established in 2015, has the makings of a nascent free trade area. The ASEAN-China Free Trade Area (ACTFA) came into effect on January 1, 2010, and has seen an expansion of two-way trade (although ASEAN's trade surplus vis-à-vis China flipped into deficit in the wake of ACTFA). According to the US trade representative, US goods and services exports to ASEAN increased 96 percent from 2003 to 2013, while total US-ASEAN trade grew 75 percent over that time frame.<sup>42</sup>

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**As such, the United States should seek to shape a Southeast Asia that embraces free-market economics and is more deeply integrated with global trade and financial flows.**

But the United States typically engages with individual economies rather than ASEAN as a whole, as the grouping cannot yet accurately be described as a common market. Individually, however, ASEAN member states—perhaps except Singapore—remain prone to nationalistic economic policymaking and reinforcing the primacy of the state in the economy. These tendencies are unfortunate for Southeast Asians and Americans.

As such, the United States should seek to shape a Southeast Asia that embraces free-market economics and is more deeply integrated with global trade and financial flows. Such integration will ultimately lead to greater prosperity in the region, more opportunities for American businesses, and international competition that will benefit American consumers.

Such integration will contribute to greater regional stability as well. Southeast Asian states that are not overly dependent on the Chinese market and Chinese investment will be better able to pursue independent foreign policies. Moreover, a Southeast Asia that is open to trade and investment will enhance the region's global importance, ensuring that there is a deeper global interest in peace in the region and in the security of sea lines of communication to and through it.

With China potentially entering a period of prolonged economic stagnation, Southeast Asia—in particular, its larger economies—could serve as an important driver of global growth going forward. An embrace of open markets makes that more likely.

### **Governance in Southeast Asia: Resilient, Responsive, and Accountable**

From the country's founding, the United States has sought to remake the world in its likeness. Democracy promotion has waxed and waned as a foreign policy priority for Washington, but it has never been entirely absent. This missionary impulse has long shaped America's approach to Southeast Asia. When the United States granted independence to the Philippines in 1946, the Philippines was left to its own devices as a newly formed republic that embraced a democratic constitution and institutions. Unfortunately, democratic advancement proceeded in fits and starts across the region and has a future that remains in some doubt.

That is a problem for not only local citizenries but also the United States. Democracies are less likely to go to war with one another, better able to successfully manage and resolve internal ethnic and religious tensions, and more likely to respect the inherent rights of their people, embrace free markets, embrace the

liberal international order, and align themselves with the United States. Foreign democracies will also find they have a stronger constituency in the United States, particularly in Congress, supporting close bilateral relations.

The United States should always support the democratic aspirations of Southeast Asian peoples and should be ready to support and assist states transitioning to more liberal forms of government. Change, however, rarely happens overnight. In the medium term, the United States should be content to shape a Southeast Asia in which governments are resilient, responsive, and accountable. Of course, the United States will have to adopt substantially different approaches to different countries. In extant democracies such as the Philippines and Indonesia, the United States should focus on assisting with democratic consolidation. On the other end of the spectrum are the communist states of Vietnam and Laos. Here, at first, the United States will have to adopt more modest *initial* means, such as civil society programs and lobbying on dissidents' behalf.

Across the region, the United States should prioritize governance issues. Many Southeast Asian states, free and unfree alike, suffer from corruption and lack of effective rule of law. Improved governance will lead to stronger economies over the long term, make existing and future democratic institutions more effective, and will dampen the malign influence of internal and external actors. Indeed, countries in which the press, judiciary, and civil society are strong, professional (in the case of the former two), and independent will be much more resilient to economic distress, political scandal, and attempts to undermine their sovereignty and independence. Tackling these issues will be tricky for the United States, as many of the elites that benefit from corruption will be those with whom Washington must also work to deepen ties, but this is a long-term effort worth pursuing and one that will better enable the United States to win hearts and minds in the region.

Focusing on governance per se does not necessitate sidelining the promotion of democracy or defense of human rights. Resilient, responsive, and accountable governments will be less able, and thus

less likely, to carry out gross human rights abuses and will provide citizens with greater say in how they are governed. Moreover, the United States should not be shy in lobbying on imprisoned dissidents' behalf, calling out abuses when they do occur, and continuing to support the work of organizations such as the National Endowment for Democracy, the National Democratic Institute, and the International Republican Institute. Of course, support for democratic consolidation efforts in countries such as the Philippines and Indonesia should continue.

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## **In sum, the United States should seek a Southeast Asia that is open and at peace and in which states are strong, independent, and prosperous.**

The United States has long struggled to balance the need to work with governments as they are with the desire to encourage their transformation, a struggle with which Washington is well familiar in Asia.<sup>43</sup> Finding that balance in its approach to Southeast Asia will be a key challenge in the years ahead. An appropriate balance will advance American interests in the region, ensure that Southeast Asians are better served by their governments, and guarantee that more Southeast Asians are on the path to a freer future.

### **Southeast Asia in the Indo-Pacific**

Should the United States realize its vision for Southeast Asia, it would see its relationships with, and influence in, countries of this region advance. This would

likely come at China's expense. Beijing may claim it is interested in win-win relations, but it has an uphill climb to convince neighbors that Chinese hegemony in Asia would be benign, especially as Beijing (unlike Washington) has territorial ambitions in the region. Strong, independent, and trading nations in Southeast Asia are not only more likely to have overlapping worldviews with the United States but also more likely to—whether implicitly or explicitly—rely, in part, on America for their security.

In sum, the United States should seek a Southeast Asia that is open and at peace and in which states

are strong, independent, and prosperous. A Southeast Asia so characterized would advance the Trump administration's goal of defending the "free and open Indo-Pacific" against the depredations of challengers.<sup>44</sup> Indeed, a free and open Southeast Asia is crucial if the United States is to defend and sustain the postwar liberal order, project power to and beyond the region, and prevent a hostile hegemon from dominating the eastern portion of the Eurasian landmass. On the other hand, neglecting or under-weighting Southeast Asia in a broader American approach to the region is likely to put those goals out of reach.

# III. Security in Southeast Asia

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The security challenges in Southeast Asia may appear both minimal and, when viewed from the United States, distant as compared to other parts of the world. There is no rogue regime brandishing nuclear weapons like that on the Korean Peninsula. The terrorism challenge is not as terrifying as in the Levant, nor as close to home as the Middle East is to Europe. China, for all the challenges it poses, is not openly invading other countries, as Russia has done in Georgia and Ukraine. Intra-regional rivalries pale in comparison to those in South Asia and the Middle East. There is no Taiwan Strait equivalent in Southeast Asia. Even the South China Sea territorial disputes can appear less than threatening to peace than the contest over the East China Sea's Senkaku (*Diaoyu*, in Chinese) Islands, which pit East Asia's behemoths—one of which is a major US ally—against each other.

But peer beneath the surface, and you will see that the region is much less stable than it appears. In the South China Sea, power differentials between China and the other disputants ensure that a stable balance of power is difficult to achieve. In failing to clarify its treaty commitments to the Philippines in disputed waters, Washington has missed an opportunity to attain such a balance. Ironically, China's slow but sure approach to extending its control in the sea has allowed it to steal a march on the United States and other concerned parties. Those parties, including the United States, are now rapidly approaching a point at which they will face an either/or choice: acquiesce to Chinese control or resist forcefully. Each path is fraught with danger for both Southeast Asia and the United States.

Moreover, after a decade in which Southeast Asian states had successfully managed terrorist threats, Islamist militancy is once again metastasizing. There are various reasons for this renewed threat. The Islamic State's advances in the Levant provided inspiration by

proving jihadist campaigns can succeed under certain conditions. ISIS leaders have provided direct moral, and perhaps material, support to insurgents and radical terror groups in Southeast Asia. Perhaps most troublingly, between 600 and 900 Southeast Asians have joined the ISIS fight in the Middle East.<sup>45</sup> As of March 2017, the Soufan Center reported that approximately 60 had returned home to Indonesia and Malaysia.<sup>46</sup> Other estimates put returnees to Southeast Asia in the hundreds.<sup>47</sup>

Of course, Southeast Asian states bear some responsibility for the amenable domestic audiences for ISIS exploits. In Indonesia and Malaysia, both Muslim-majority countries, politicians have pandered to ultraconservative groups for their own electoral ends, which has created more space in society for radical views. In the Philippines, Manila's failure to negotiate an enduring peace deal with separatists in Mindanao has helped ensure that radical groups in the country's south have a sizable pool from which to recruit members. At the same time, the Philippine military's inability to fully secure the country's southern reaches has allowed those groups to maintain safe havens from which to operate.

The challenges of insurgency and terrorism intersect with Southeast Asia's nontraditional security threats as well. Piracy and other forms of transnational crime—from trafficking in drugs to trafficking in people—can provide financial support for jihadists and other insurgent groups (as in Thailand and Burma). Natural disasters, to which the region is prone, threaten to create conditions for greater domestic instability and openings for armed groups to recruit disaffected victims whose needs governments fail to meet.

Imagine, for a moment, a Southeast Asia in which the United States has not prioritized engaging on the security front and in which local states have struggled

to manage their own security threats. Such a future could include key states focused inward as they struggle to grapple with separatist or jihadist challenges, an expansion of human suffering and slower economic growth, a further retreat of democracy, and China in control of the South China Sea and exercising undue influence in weakened states.

To respond to these myriad challenges, the United States requires a multifaceted approach to ensuring a stable, secure Southeast Asia.

### Interstate Conflict

The South China Sea and terrorism tend to dominate discussions of security in Southeast Asia, and rightly so. Conflicts among ASEAN states, however, persist as threats to regional stability, even if they are only secondary in nature. Historical animosities have remained problematic, especially as they intersect with territorial disputes. Meanwhile, military modernization efforts across the region, while necessary, may inadvertently contribute to a less stable security environment. Richard Bitzinger argues that these efforts amount to an “arms competition,” rather than an arms race, with implications for regional security.

In particular, continued purchases of advanced weapon platforms may contribute to a classical “security dilemma”—a situation whereby actions taken by a country can actually undermine the security and stability that they were meant to increase. In this case, arms acquisitions by one state, even if it has no desire to threaten its neighbours, can often lead to anxieties and insecurities being felt by nearby states. Reciprocal responses by neighbouring states to “regain” security by buying their own advanced weapons often only raise regional tensions further. Even defensively oriented weapons purchases, such as air defences or lightly armed offshore patrol vessels, may be perceived as threatening, as they could conceivably be employed in anti-access/area denial operations in the event of conflict. Finally, even if such tit-for-tat arms purchases do not lead to conflict, they can reinforce mutual insecurities and

suspicions, and ultimately have a deleterious impact on regional security.<sup>48</sup>

Arms procurements that may be necessary to update or replace aging equipment in response to Chinese actions may understandably be considered with wariness by neighbors. Use of such arms to shape a security environment that China has unsettled could, unintentionally or not, unsettle others’ security perceptions.

For the United States, the proper response is not to cut off its own arms sales to the region or encourage others to do so. Rather, the United States should seek to proactively shape the security environment in ways conducive to regional peace and stability, such that Southeast Asians need not conclude they must do so entirely on their own. Second, the United States should make its good offices available to regional states in need of mediation should ASEAN fail to maintain intraregional peace, as has happened in the past. Washington’s ability to contain discord between third parties is limited—consider relations between Japan and South Korea, two of America’s closest allies—but mitigating the conditions that may lead to conflict is, at least in some instances, in America’s reach.

### What to Do About ASEAN?

In 2008, the United States became the first non-ASEAN country to appoint an ambassador to ASEAN. In 2009, the United States signed the Treaty of Amity and Cooperation in Southeast Asia. In 2010, the United States became the first country to establish a permanent mission to ASEAN, and, in 2011, Washington appointed its first resident ambassador. Yet despite its embrace of “ASEAN centrality”—a nebulous concept perhaps best reflected by Hillary Clinton’s 2011 description of ASEAN as “the fulcrum of an evolving regional architecture”<sup>49</sup>—the Obama administration found itself often frustrated with the organization.

In remarks before the US-ASEAN meeting at the 2016 East Asia Summit, President Barack Obama highlighted the “landmark” ruling—from the PCA

at The Hague—on the South China Sea, which he described as “binding” and said “helped clarify maritime rights in the region.”<sup>50</sup> But the post-summit “Chairman’s Statement,” approved by all 10 ASEAN countries, failed to even mention the PCA ruling, let alone call for adherence to it. The statement noted that “several leaders remained concerned over recent developments in the South China Sea,” a perhaps unintentional admission that there is no unity, let alone consensus, among the member states regarding the nature of the challenge in the South China Sea or how to address it.<sup>51</sup>

In recent years, ASEAN has repeatedly dashed the notion that it could act as a strategic counterweight to China. How member states conceive of their interests vis-à-vis China and the United States are simply too diverse, and, in the case of the South China Sea disputes, only four or five are parties contesting claims. When it comes to the greatest traditional security challenges in the region, ASEAN is not and cannot be the answer to American prayers—or Southeast Asian prayers, for that matter.

This raises an important question: Is presidential and cabinet-level engagement with ASEAN worth the time and resources required? Indeed, it is.

First, it matters deeply to ASEAN member states, including our closest bilateral partners, that the United States engages in the organization. Fairly or not, engagement with ASEAN is seen as a litmus test for the priority that America places on the region. Stepping back from the organization would be seen among Southeast Asian states as a de-prioritization of the region, and it would exacerbate insecurities about American staying power. Extra-regional US allies such as Japan and Australia would likewise look askance at American disengagement from ASEAN. US engagement is also important to ensure the presence of a counterweight to China. Beijing has been, without subtlety, throwing its weight around in the organization. Boorish tactics have been effective; how much more influence would China yield if the United States absented itself from ASEAN summitry?

Second, ASEAN summits provide opportunities for valuable theatrics. For example, it is useful for the American president to stand up in front of East

Asia Summit members—which include not only the ASEAN states but also China, Russia, Japan, and others—and embrace the PCA’s ruling on the South China Sea. It publicly commits the United States to a certain position and ensures that America’s allies and adversaries know where Washington stands. Such acts are certainly not sufficient to pursuing US interests in the region, but they are worthwhile.

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## **Is presidential and cabinet-level engagement with ASEAN worth the time and resources required? Indeed, it is.**

Third, ASEAN provides a useful forum through which the United States can work to tackle various nontraditional security challenges, such as terrorism, migration, and transnational crime. For example, to more effectively confront the scourge of human trafficking, the United States has sought to take advantage of ASEAN’s extant “Convention Against Trafficking in Persons, Especially Women and Children,” which was signed in November 2015. The convention’s objectives are to “prevent and combat trafficking” and seek justice for traffickers, “protect and assist victims,” and “promote cooperation” among ASEAN member states in achieving these objectives.<sup>52</sup> The convention commits parties to criminalize human trafficking and associated activities, such as money laundering, participation in organized crime, and corruption.

To give greater impetus to these efforts, at the US-ASEAN Special Leaders’ Summit in February 2016, President Obama announced a \$1 million award to support implementation of the convention by “strengthening domestic legal systems to offer compensation for victims of trafficking; establishing a

dedicated victim compensation fund in each country; and building the capacity of prosecutors to seek criminal damages or compensation.”<sup>53</sup> In January 2017, the US Agency for International Development (USAID) announced a new five-year program to combat human trafficking in Asia. The \$21.5 million program “will initially focus on human trafficking in the Lower Mekong countries of Burma, Cambodia, Laos, Thailand and Vietnam as well as Bangladesh” but eventually expand to other ASEAN states.<sup>54</sup>

The case of human trafficking provides a useful example of ASEAN’s value in the security realm. In this instance, the United States did not need to expend effort coaxing and cajoling potential partners to build a counter-trafficking coalition; the coalition was ready built. As a result, Washington could move more quickly to apply its own human and financial resources to pursue shared goals. This will not be the case for all issue areas, but where it can do so, the United States should feel comfortable allowing ASEAN to nominally lead on transnational security concerns of mutual interest, with Washington playing a robust supporting role.

Fourth, while ASEAN is *not* going to take the lead on the most challenging traditional security challenges of our time—most prominently, the South China Sea—it can provide cover for more assertive US action on these issues. Indeed, it may only be by working *within and through* ASEAN that the United States can effectively take the reins when it needs to do so.

The South China Sea is a challenge involving six or seven disputants and numerous other concerned parties. As such, the United States alone is not going to solve it. But, as noted, ASEAN has not been up to the task of managing the challenge. Indeed, there are deep divisions in the organization about the proper approach to the sea, largely because China has, effectively, sought to buy influence in several member states, including both claimants and non-claimants.

Naturally, this tempts the United States to pursue multilateral efforts outside the auspices of ASEAN. Should Washington pursue such a course, however, it is likely to face resistance from ASEAN members, including close partners such as Singapore, who are

wedded to the idea of ASEAN centrality and wary of angering Beijing even as they seek to resist Chinese depredations.

Rather than pursue new multilateral groupings focused on Southeast Asia outside the ASEAN architecture, the United States should work within it. Washington can put ASEAN member states at ease by credibly arguing that it is supporting ASEAN’s central role in the region and working to uphold the liberal order from which the organization has benefited and which it has worked to enhance.

The United States can also point out that China, rather than the United States, is the region’s “first mover” on establishing new security mechanisms. Beijing, unlike the United States, has sought to *overtake* the presiding security order and to do so outside ASEAN’s auspices, with a new architecture centered on China. At the fourth summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA), Xi Jinping proposed the “New Asian Security Concept” for the region. “In the final analysis,” he argued, “it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia.” Expressing his hostility toward alliances, Xi went on to suggest making CICA “a security dialogue and cooperation platform that covers the whole of Asia and, on that basis, explore the establishment of a regional security cooperation architecture.”<sup>55</sup> Only three ASEAN states (Cambodia, Thailand, and Vietnam) are CICA members, while three more (Indonesia, Malaysia, and the Philippines) are observers.

Xi Jinping’s proposal is contrary to the ASEAN centrality concept. By working through ASEAN, America can appear to embrace it. How can the United States work through a divided ASEAN to tackle the South China Sea? The key forum here is the ASEAN Defense Ministers’ Meeting-Plus (ADMM-Plus), an annual summit including ASEAN’s eight dialogue partners: Australia, China, India, Japan, New Zealand, the Republic of Korea, Russia, and the United States. ADMM-Plus’ purposes are to foster stronger ties between defense ministries, build the capacity of ASEAN members to address security challenges, and, most fundamentally, “enhance regional peace and stability through cooperation in defense and security, in view of the transnational

security challenges the region faces.”<sup>56</sup> In short, the ADMM-Plus goals align with American interests, and the forum involves all the right players.

The United States should work to establish a subgroup within the ADMM-Plus of like-minded states with shared interests to coordinate approaches to the South China Sea and other pressing security challenges. The group could fashion itself as a “maritime security caucus.” Initially, it should include the United States, the Philippines, Vietnam, Malaysia, Singapore, and perhaps Indonesia, as well as Japan, Australia, and potentially South Korea and New Zealand. Members would seek to harmonize their positions ahead of ADMM-Plus meetings and adopt a shared strategy for achieving shared goals in the South China Sea, the region’s most beguiling security challenge.

### The South China Sea

Before the United States can sit down with its allies and partners to hash out a shared approach for the South China Sea, Washington must first be clear about its own goals and strategy. Recall the American vision for Southeast Asia outlined in the previous chapter: The United States should strive to shape a Southeast Asia that is at peace with itself and its neighbors. To thusly shape the region, the United States should seek an ultimate resolution to the territorial disputes, negotiated peacefully among the claimants. (See Figure 2 for a simplified overview of the disputes.) This is a long-term proposition. In the nearer term, Washington must work to defend freedom of the seas in disputed waters and deter both Chinese adventurism therein and open conflict. In both the short and long term, the United States seeks to maintain a free and open South China Sea. These goals point to parallel efforts within a broader South China Sea strategy: to dissuade China (and others) from engaging in destabilizing behavior and to encourage and underwrite good-faith efforts toward dispute resolution.

**Dissuasion.** The first order of business is to dissuade China from engaging in any additional island building in the South China Sea and from deploying significant

military forces to its new islands in the Spratly chain. Ideally, of course, China would destroy facilities built on its new islands and plow those islands back into the ocean. That goal, however, would be overly ambitious, and it would be unnecessary, at least in the near term, for achieving American goals. A freeze, which the United States has called for, is a more realistic goal and one that serves US interests.

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## The United States should work to establish a subgroup within the ADMM-Plus of like-minded states with shared interests to coordinate approaches to the South China Sea.

To date, Beijing has paid almost no costs for its actions in the South China Sea. It has incurred modest reputational costs, which are not without value but which have been insufficient to alter Chinese behavior. Beijing also saw the beginnings of a geopolitical realignment in Southeast Asia unfavorable to its interests—in which the Philippines, Vietnam, and Malaysia all pursued closer security cooperation with the United States and did so quite publicly—but successive administrations have yet to lock in those gains. Indeed, Manila and Kuala Lumpur have reoriented their foreign policies over the previous two years to emphasize ties with Beijing (although Kuala Lumpur, following the ouster of Prime Minister Najib Razak, may be in the midst of yet another reorientation).

Fortunately, the United States does have leverage to encourage China to put a halt to its malign behavior. There are several steps Washington can quietly

threaten to take, and which it must be prepared to take, should China undertake dredging operations going forward or deploy substantial military forces to its new islands. Specificity at the outset would be important. Dredging work at Scarborough Shoal, fighter jet and warship deployments, the installation of additional surface-to-air or anti-ship missiles, and threats or use of force against ships and aircraft in international waters and airways would be particularly troubling and should necessitate a US response.<sup>57</sup>

Importantly, US responses need not be limited to actions in or directly related to the South China Sea. With its actions there in recent years, Beijing is challenging the global order that has served so many countries (including China) well since at least the close of World War II and is threatening to complicate America's ability to defend its allies in the broader Asia-Pacific and project power globally. In other words, Chinese actions in the South China Sea have broad implications for American interests and thus merit a broad response to defend those interests.

In response to additional dredging work in the Spratlys or the deployment of forces to islands there (aside from Mischief Reef), the United States could impose sanctions on Chinese companies involved in dredging activities.<sup>58</sup> It should also move to establish a heel-to-toe rotational presence of one or two EA-18 Growler flights (four to eight aircraft) in the Philippines to ensure a persistent ability to jam Chinese forces in the Spratlys should the need arise. China's deployment of forces to Mischief Reef, which is undoubtedly in the Philippines' EEZ, should trigger a more serious America response. In particular, the United States should consider deploying US forces—coastguardsmen at first—to disputed South China Sea features held by the Philippines and other American partners.<sup>59</sup>

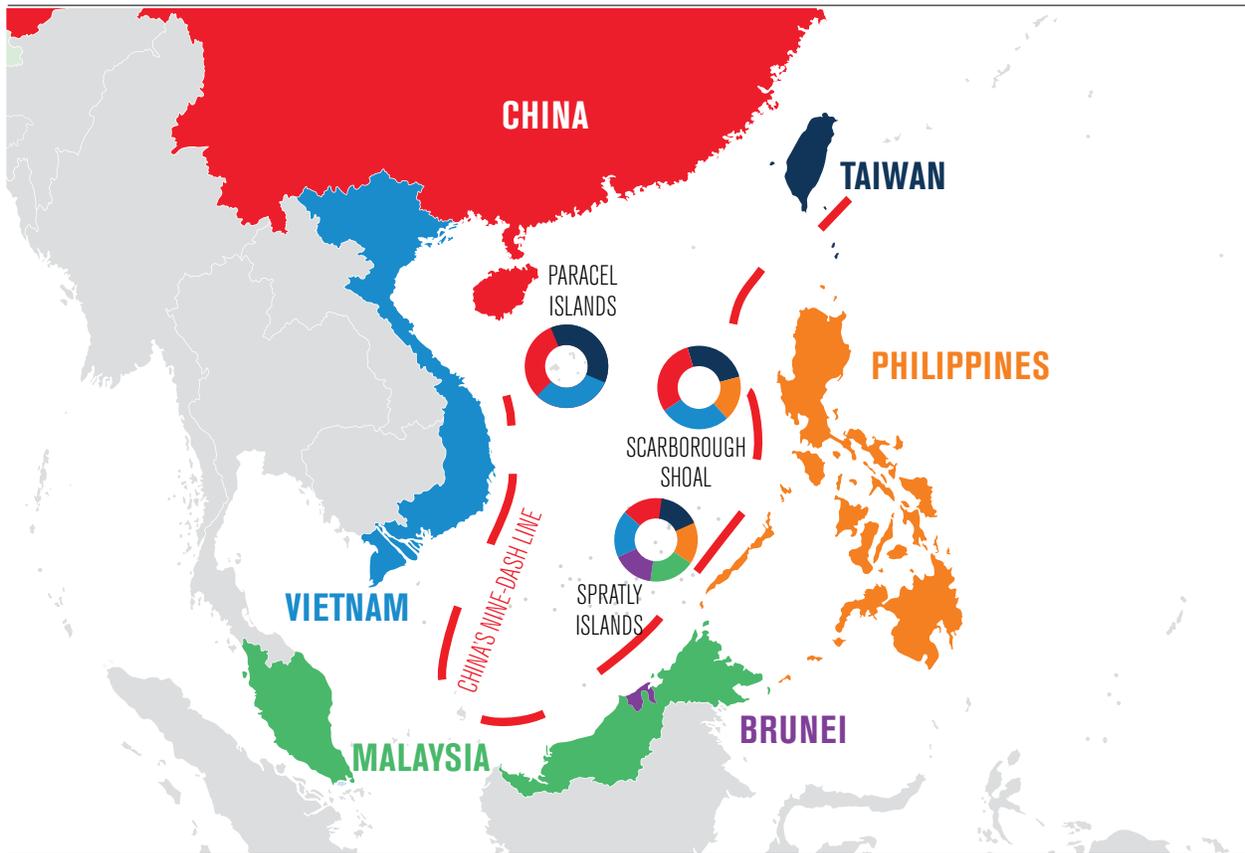
Dredging and development at Scarborough Shoal would be particularly concerning. A Chinese base would allow Beijing to complete a "strategic triangle"—along with Woody Island in the Paracel Islands and its Spratly possessions—putting China in position to cover most of the South China Sea with

fighter jets and anti-ship cruise missiles deployed to those features. Completing the triangle would likewise pave the way for Beijing to implement and enforce an air defense identification zone (ADIZ) over the sea. When Beijing declared its East China Sea ADIZ in 2013, it announced that any aircraft passing through the zone, much of which included international airspace, were required to identify themselves and provide Chinese aviation authorities with flight plans, regardless of whether they were approaching Chinese territory. The East China Sea ADIZ rules amounted to an assault on freedom of the skies, and there is little reason to think a South China Sea ADIZ would be any different. Developing Scarborough Shoal and establishing an ADIZ over the sea would mark a fundamental shift in the security environment in the South China Sea and would sharpen Beijing's challenge to the freedom of navigation in international waters and airways.

Washington should not limit its responses to within the South China Sea. In particular, the United States could declare a moratorium on educational visas for the children of government officials and business leaders and could suspend EB-5 investor visa approvals for applicants from China. These actions would seek to place direct pressure on the Chinese leadership. Washington could also cancel visas for state- and party-owned media company employees, many of whom are dual hatted as Chinese intelligence operatives.

Finally, threats or use of force against either military and commercial shipping or aviation would merit strident American responses designed to target Chinese leadership priorities and "core interests." Such punitive actions could include:

- Announce an offer of amnesty in the United States for targets of China's Operation Fox Hunt, Beijing's global hunt for corrupt fugitives;
- Announce it is US policy to ensure that all people living in countries with internet censorship have easy access to virtual private networks, enabling them to bypass censorship controls, and then take steps to carry out that policy;

**Figure 2. Territorial Claims in the South China Sea**

Source: Author.

- Order the US State Department to issue a public report on Chinese claims to Tibet and Xinjiang and to include a menu of possible positions the United States might take regarding Chinese sovereignty over each; and
- Establish an American Institute in Dharamsala, modeled on the American Institute in Taiwan, to upgrade informal relations between the United States and the Tibetan government in exile.

In addition to these measures, and regardless of whether China adopts a freeze on island construction and military deployments, the United States should take a number of steps to enhance its military posture, and thus its conventional deterrence, in the region. Regular freedom of navigation operations (FONOPs)

must continue in order to contest specific claims that are in contravention of international law. But FONOPs should account for only one aspect of US military operations in the South China Sea. As Peter Dutton and Isaac Kardon have explained:

Traditionally, FONOPs are operationally minimal and diplomatically low-key. The point is not to menace the offending state with gunboats or to upstage them with publicity. Rather, the program asserts the relevant legal norm in word and in deed. FONOPs are not primarily designed to send targeted signals of resolve, reassurance, commitment, deterrence, or any other of the many political-military signals the United States sends through its naval operations. A FONOP is a specialized tool to protect discrete legal norms that underpin the order of the oceans.<sup>60</sup>

Dutton and Kardon go on to argue that the “consistent practice of free navigation, not the reactive FONOP, is the policy best suited to respond to Chinese assertiveness in the SCS.” Moreover, ships exercising their freedom of navigation in the South China Sea must be sure to “make routine use of the full spectrum of existing freedoms” to include “exercising with other navies, maintaining a reassuring presence, gathering intelligence, protecting sea lines of communication, deterring conflict, and standing ready to intervene in times of crisis, among many others.”<sup>61</sup>

In July 2016, Adm. Scott Swift, commander of America’s Pacific naval forces, reported that the United States was averaging 700 ship days a year in the South China Sea.<sup>62</sup> In June 2017, Swift reported that number would exceed 900 for the year, although he indicated that the high rate would not be sustained in future years.<sup>63</sup> That means that typically, on any given day, the United States has two or three ships operating in the South China Sea. Given the nature of the challenge at hand, that is simply not enough. China’s East Sea Fleet and South Sea Fleet comprise 80 surface combatants (destroyers, frigates, and corvettes), 70 missile boats, and 36 attack submarines.<sup>64</sup> Its coast guard vessels range far from Chinese shores to enforce Beijing’s claims. Beijing may complain about FONOPs and close-in surveillance operations, but the regular presence in the South China Sea of a couple of US warships is not causing heartburn in the Politburo.

If the United States is to dissuade China from pursuing its apparent goal of controlling the South China Sea and the skies above it, America must convincingly demonstrate that such Chinese efforts are futile. This requires not only a larger navy, for which the Center for Strategic and Budgetary Assessments has made an effective case,<sup>65</sup> but also a robust rotational if not a new permanent US presence in the South China Sea. Under former President Benigno Aquino III, the Philippines stepped up to enable such presence.

Thanks to the Enhanced Defense Cooperation Agreement (EDCA)—if it fulfills its promise—American power projection capabilities will be regularly present in the Philippines for the first time since the early 1990s. During the George W. Bush administration, US forces in the Philippines were focused primarily

on aiding the Philippine military in its counterterror fight. EDCA set the two militaries up to increasingly exercise and train across a broad spectrum of high- and low-end military operations. Importantly, American access to four air bases (with potentially more to be made available at a later date)—especially those on Luzon and Palawan—makes US air power “resident” in Southeast Asia again.

This access will allow for more frequent, sustained flights over the South China Sea, including over the disputed Spratly Islands and Scarborough Shoal. The Air Force’s presence on Luzon, perhaps to be followed by regular naval rotations in Subic Bay, will put the United States in a better position to quickly seal up the Luzon Strait, which links the South China Sea to the Philippine Sea and the wider Pacific Ocean beyond. The US military’s enhanced ability to loiter in and over the South China Sea, moreover, will facilitate more effective efforts to track Chinese submarines sailing from the People’s Liberation Army Navy’s (PLAN’s) underground naval base on Hainan Island.

But whether EDCA lives up to its potential is now somewhat in doubt. The election in 2016 of Rodrigo Duterte to a six-year term as the Philippines’ president has amounted to a major curveball for the alliance. The Obama administration did not handle the new president particularly well. The administration’s stated preference for quiet negotiations over human rights with the likes of China may have actually worked with the Philippines, given the nature of the alliance relationship, but the president opted to reproach Duterte publicly, which predictably backfired. Even so, Duterte apparently harbors a deep and long-standing anti-American animus. When he assumed the presidency, he was already hostile to the United States. Washington’s response to the deeply problematic antidrug campaign came later.

Fortunately, during the first year of his presidency, Duterte did not carry out threats to cancel EDCA. In January 2017, Philippine Defense Secretary Delfin Lorenzana told Reuters, “EDCA is still on,” and the *Washington Times* reported that the United States was cleared to proceed with construction on and upgrades to EDCA bases.<sup>66</sup>

On the other hand, Duterte ordered that bilateral military exercises be scaled down. *Balikatan 2016*—the alliance’s major annual bilateral exercise—which took place before that year’s presidential election, was the largest ever, involved Australian forces for the third time, and included “a simulation of the retaking of an island seized by an unspecified country in the South China Sea, an amphibious landing, and the implementation of a joint rapid reaction force.”<sup>67</sup> Ash Carter became the first US defense secretary to observe part of the annual maneuvers.<sup>68</sup>

*Balikatan 2017* did see full Japanese participation for the first time (Japanese forces had observed in the past), but it was otherwise scaled down. The exercise included fewer American and Philippine troops than the previous year’s and focused on HADR and counterterrorism (both of great importance to the Philippines), but it included no live-fire exercises or maneuvers geared at preparing for territorial defense in the South China Sea.<sup>69</sup>

In October 2017, the chief of the Armed Forces of the Philippines (AFP) announced that the total number of bilateral exchanges and exercises would expand in 2018, after contracting the previous year, and that territorial defense exercises in the South China Sea would once again be on the docket.<sup>70</sup> Christian Vicedo, a senior researcher at the National Defense College of the Philippines, noted the improvements in *Balikatan 2018*:

Highlights of *Balikatan 2018* [emphasis in original] include simulated joint operations in different threat situations and operational environments. Activities included a joint operations on urban terrain exercise, which involved defensive position construction and tactics training; an Amphibious Exercise (AMPHIBEX), which aimed at improving tactics, techniques, and procedures (TTPs), and enhancing readiness and response capabilities during operations ashore; and a Combined Arms Live Fire Exercise (CALFEX), designed to share field artillery TTPs and improve capabilities in coordinating multilateral responses.

There are three examples of how the alliance remains intact and how it has improved. First, compared to *Balikatan 2017*, which included approximately

2,800 AFP personnel and 2,600 US personnel, *Balikatan 2018* involved around 5,000 AFP personnel and 3,000 US personnel. Given political uncertainties, conducting the largest Philippines-US joint military exercise since the beginning of the Duterte administration is a highly encouraging development. Next, the range of activities for mutual capacity-building expanded beyond simulated exercises and joint drills to include subject matter expert exchanges (SMEE) in the areas of command and control, flight operations, pararescue procedures, and mass casualty response. Finally, *Balikatan 2018* included personnel from the Australian Defense Force and the Japan Self-Defense Forces, enhancing security cooperation among the four countries and underscoring the relevance of the US-led system of alliances and security partnerships in the Asia Pacific.<sup>71</sup>

EDCA is moving forward as well. In August 2017, the AFP requested \$2.5 million from the legislature to fund construction at and upgrades to EDCA facilities, as required by the agreement.<sup>72</sup> Importantly, in a joint statement issued following Trump’s November 2017 meeting with Duterte in Manila, “The two sides reaffirmed their commitment to the Mutual Defense Treaty of 1951, as reinforced by the Enhanced Defense Cooperation Agreement.”<sup>73</sup>

Fortunately, the US-Philippines alliance crisis that some feared in the wake of Duterte’s election has not come about, but Washington must work to keep Duterte onside. The Philippines’ strategic location all but demands it. The United States should continue to seek strong military-to-military and working-level ties, explore ways to help combat the Philippines’ drug problem without supporting the more troubling components of Duterte’s campaign, expand bilateral trade and investment, and ensure that the alliance relationship remains indispensable in countering internal and external threats to the Philippines’ security.

Beyond the Philippines, Navy P-8s are now regularly deploying to Singapore and have conducted occasional patrols from Malaysia. American littoral combat ships are rotating through Singapore, at the South China Sea’s western extremis, and the city-state has quietly built the only Asian port

outside of Yokosuka at which an American aircraft carrier can dock. Indeed, US flattops are regular visitors at Changi Naval Base. To sustain robust presence and enhance deterrence, US access to military facilities along the South China Sea's western coastline will be crucial.

This partly explains the growing US interest in Vietnam. The Obama administration's decision to lift the decades-old arms embargo on Vietnam is instrumental here. In the near term, this could lead to sales of intelligence, surveillance, and reconnaissance equipment, as well as patrol boats to allow Hanoi to better keep an eye on goings-on in the western South China Sea. Over the longer term, American defense contractors may have their sights set on the sale of fighter aircraft and attack helicopters. Vietnam already flies modern Russian fighter jets and has procured its sixth and final Kilo-class submarine—submarines so quiet that the US Navy refers to them as “black holes.” If the Chinese Navy wants to have its way in the South China Sea, it will have to dedicate resources to tracking those subs, a task with which the PLAN has limited experience.

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## **If Southeast Asian states truly want a US military presence that can change China's calculus, they will have to take steps to enable that presence.**

When China moved a massive oil rig, the *Haiyang Shiyou 981*, into Vietnam's EEZ in 2014, Vietnam had limited options to respond, at either the low end or the high. With a maturing coast guard, navy, and air force, Vietnam will become an increasingly prickly

foe. Beijing may not find it quite as easy to run roughshod over Hanoi in the coming years.

The lifting of the arms embargo has also opened the door to other forms of US-Vietnam security cooperation. Noteworthy is the landmark deal permitting the US military to preposition supplies and equipment in Da Nang on the central coast. Talks are focused on articles that are relevant to disaster relief, but the agreement's eventual parameters could expand as the US-Vietnam security relationship matures.

American policymakers should adopt an ambitious approach to that relationship. Indeed, the goal should be permanent basing or guaranteed access for rotational forces at Cam Ranh Bay or another suitable location. It goes without saying that this is, at present, politically difficult for the Communist Party of Vietnam, whose “three nos” inhibit reliance on others for security. (See sidebar.) Indeed, Vietnam has been slow to implement the prepositioning agreement, illustrating its caution regarding advancing security ties with the United States. But not all that long ago, such a deal would have been unthinkable. If Southeast Asian states truly want a US military presence that can change China's calculus, they will have to take steps to enable that presence.

The Philippines, of course, has done so, but, as noted above, there are concerns that Duterte may prevent the alliance from ensuring EDCA reaches its full potential. Even if EDCA does so, it is important, due to both political and operational reasons, that American military presence be dispersed across the South China Sea. If a number of Southeast Asian states provided access to facilities, this would serve as a signaling function: There would be no better evidence to illustrate that China is losing the contest for influence in the region and that its expansionist aims are making it less secure, which are conclusions that could push Beijing in a new policy direction.

For example, a decision by Vietnam or Malaysia to host US forces might also make it easier for extant US security partners, notably Singapore, to take the military relationship with Washington to new heights. When Manila ejected US forces from the Philippines in 1992, Singapore volunteered to host the Navy's Commander, Logistics Group Western Pacific. The

informal alliance has advanced from there, with Singapore agreeing to host as many as four littoral combat ships (LCS) on a rotational basis and, as noted, hosting American P-8 aircraft in recent years. Beyond the defense realm, the United States has counted on Singapore to speak up for shared interests and values in multilateral forums; Singapore has been dependable and effective in this regard.

Singapore has always acted in its own interests, but it is also fair to say that the island nation has carried water for the United States for many years, at times the only Southeast Asian state to do so. China is trying to make doing so unpalatable, and the pressure on Singapore was substantial in 2016 and 2017. Singapore is not about to downgrade its security relationship with the United States, but further upgrades could be difficult in the current environment. If others in its neighborhood step up to enable US military presence, Chinese pressure would be diluted, and domestic and international politics would be more conducive to even closer US-Singapore military relations.

Operationally, there is a clear rationale for a dispersed US presence in the South China Sea. Ideally, American forces would establish a permanent or robust rotational presence at the eastern, southern, and western points of the compass.

American forces resident on the South China Sea's western coastline would complement the renewed US presence in the Philippines; facilitate a regular American presence in the western part of the South China Sea; enable the United States to more easily defend—or seal up—the Malacca Strait; and, it should be noted, put American forces within striking distance of major Chinese bases on Hainan, including port facilities that host China's ballistic missile submarines.

The southern coastline is no less important. China is putting itself in position to lord over the southern reaches of the South China Sea from military bases on its newly created and expanded islands in the Spratlys. Those bases may be vulnerable, but before and at the outbreak of hostilities or in the event of conflict with lesser capable foes, they will allow China to project power deep into maritime Southeast Asia, threaten commercial and military passage through the sea, and impose and enforce an ADIZ.

## Vietnam's "Three Nos"

A key aspect of Vietnam's national defense policy has long been its "three nos":

- No military alliances;
- No foreign military bases on Vietnamese soil; and
- No reliance on a foreign power to combat a third party.

Both Vietnamese and American officials and scholars often cite the "three nos" as a significant roadblock to deepening security relations. But it is not the case that as long as the "three nos" are on the books, US-Vietnam defense ties will be hamstrung. Indeed, a less stringent interpretation of the policy appears to be taking hold in Hanoi, as evidenced by the prepositioning agreement with the United States, the opening of Cam Ranh Bay to foreign naval ship visits, and Vietnam's maturing defense relations with the United States, Japan, and India, among others.

The substantial power imbalance between Vietnam and China means that self-reliance, narrowly defined, is not an option for Hanoi in ensuring its security. It already counts on others to resist Chinese efforts to shape the regional security environment in Beijing's favor. In pursuing ties to the United States and other partners, Vietnam is relying on them to establish a balance of power not overly conducive to China. Simply put, Vietnam cannot balance China on its own, and Hanoi knows it. Whether in practice only or in name as well, Vietnam seems likely to eschew the "three nos" over the next decade.

US access to military facilities on the South China Sea's southern and western flank, however, would shift the region's military balance in America's favor. Persistent American presence along the eastern, southern, and western South China Sea littorals would enable the United States to respond rapidly to incidents in disputed island chains or to Chinese

harassment of or attacks on US and allied naval and air assets or commercial shipping. It would also allow for more persistent electronic warfare operations in the sea to potentially include the sustained jamming of Chinese radar installations in the Spratly Islands.

Chinese missiles on the mainland already hold all US Asian bases at risk. Dispersed American forces would act as a countermeasure and would complicate defense planning for the Chinese military and political calculations for Beijing, which would have to consider strikes on more numerous sovereign states. Dispersal would also ensure US forces are positioned to support each other in the event of a crisis.

Without the southern presence, Chinese forces could more easily divide American forces east and west in the event of a crisis, defend territorial claims or intimidate Malaysia and Indonesia, and threaten maritime and air traffic crisscrossing the South China Sea.

What might a force laydown in the South China Sea look like (Figure 3)? Ideally, fighters and Aegis-equipped destroyers will fly and sail from the Philippines and Vietnam, conducting routine patrols in peacetime and poised to intervene in the event of a conflict. In Malaysian Borneo, US LCS will be well positioned to conduct anti-piracy patrols in the Sulu and Celebes seas and to ensure routine US presence among the Spratly Islands. Maritime patrol aircraft will constantly observe goings-on in disputed waters while tracking Chinese submarines lurking in and passing through the South China Sea.

Finally, a carrier strike group and attendant carrier air wing will be permanently forward based in Singapore. Global demand for aircraft carrier presence has been and is likely to remain high, due to both the strike group's unique signaling value and its robust power projection capabilities. Given the distances involved, the Western Pacific is really a two-theater area of operations—north and east of the Bashi Channel comprising one theater, south and west of the channel comprising another. With dual carriers in Japan and Singapore, the United States will increase carrier presence in each sub-theater. The Singapore carrier will also be able to more rapidly respond to emerging crises in South Asia and the Central Command area of operations.

This is, undoubtedly, an ambitious vision for America's defense posture in Asia. Generally speaking, Southeast Asians are fiercely protective of their sovereignty and worry that pursuing closer security ties with Washington will put their economic ties with Beijing at risk. But Southeast Asian leaders have also been clear in stating that they want the United States to continue providing the region's "oxygen"—security—as it has done for decades. The uncomfortable truth is that China's military modernization and its physical expansion into the South China Sea has made it much more difficult for America to play this traditional role. It is in American interests to continue to play that role; it is in the interests of America's Southeast Asian partners to enable it to do so.

As the United States works toward enhancing its own presence in the South China Sea, it should focus parallel efforts—in conjunction with its extra-regional allies—on building partner capacity. Littoral states should have capabilities enabling them to effectively monitor their territorial seas and EEZs. They should likewise field maritime and air assets with which they can defend their sovereignty and territorial integrity. No state in the region can match China ship for ship or plane for plane, but even a minimal capability can be enough to make China think twice about coercive action, especially when seen against the backdrop of renewed American presence.

Japan has been particularly active in this space. It has provided the Philippines with eight of 10 promised patrol vessels for its coast guard (the remaining two should be commissioned by early 2019) and has donated five TC-90 maritime patrol aircraft as part of its new excess defense articles program.<sup>74</sup> In 2014, Japan provided the Vietnamese coast guard with six vessels—two retired Japanese Fisheries Agency patrol boats and four commercial fishing boats. In January 2017, Prime Minister Abe announced in Hanoi a pledge to sell and provide financing for six additional patrol vessels. The first was delivered to the Vietnam Fisheries Resources Surveillance force in March 2017.

Since 2013, India has been training Vietnamese submarine crews, which will operate the country's new Kilo-class subs purchased from Russia, and the two have agreed to launch training for Vietnamese

**Figure 3. Current and Proposed US Military Basing and Access Arrangements**

Source: Author.

Su-30 pilots in India. Delhi has also engaged Hanoi in negotiations to sell Akash surface-to-air missiles and Varunastra anti-submarine torpedoes. India had hoped to sell Brahmos anti-ship cruise missiles—the world’s fastest—but those efforts were apparently blocked by Russia, which is India’s partner in the Brahmos program. During Prime Minister Narendra Modi’s March 2018 visit to Hanoi, he and President Tran Dai Quang further discussed expanding Indian arms sales to Vietnam.

Australia has provided the Philippines with landing craft to enhance the navy’s sealift capacity, while the Royal Australian Navy has conducted joint exercises

with Manila’s various maritime services. Australia has likewise been upgrading its defense ties to Vietnam. To date, cooperative efforts have mainly been in the educational and training realms.

South Korea’s security ties to Southeast Asian states are mostly driven by its search for overseas markets for its defense industry. The Philippines has purchased 12 FA-50 light fighter aircraft, has expressed interest in more, has bought an aging anti-submarine warfare ship for \$100, and is set to buy two new frigates from South Korea. Seoul and Jakarta, which previously bought Korean TA-50s, have formed a joint venture to develop a new fighter, the KF-X.

The United States should not only encourage these efforts but also more closely coordinate with Japan, India, Australia, and South Korea. Japan and Australia, for example, might be encouraged to continue providing affordable surface vessels to Southeast Asian states, while the United States takes responsibility for outfitting those ships with communications and weapons systems allowing for greater interoperability. India might take a lead on providing lethal weapons to Vietnam (which will remain controversial in the United States for some time), while the United States begins to engage in quiet but more substantial training of Vietnamese sailors (to which Vietnam has, thus far, admittedly been resistant).

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## **The United States could assist currently less capable partners in the development of their ISR assets, thus enhancing its own ISR reach.**

As long as extra-regional powers with shared interests remain active in building partnership capacity in Southeast Asia, the United States should focus its efforts on areas where it has a competitive advantage. This is especially true if the United States fails to significantly expand its security assistance to the region. According to the latest available data, the United States is deploying only 0.81 percent of US foreign military financing (FMF) to Asia. Consider how this commitment stacks up against FMF provided to other regions. In fiscal year (FY) 2017, total US security assistance to the Asia-Pacific region (including East Asia, Southeast Asia, and Australia and Oceania) amounted to approximately \$273 million. That same

year, Egypt received \$1.24 billion in security assistance from the United States, while Israel received \$3.78 billion.<sup>75</sup>

The Southeast Asia Maritime Security Initiative (MSI), a five-year, \$425 million program originally included in the FY2016 National Defense Authorization Act, helped push things in the right direction. The MSI was designed to “provide further training, infrastructure construction, and vessels for Southeast Asian partners,” but “Congress ultimately only authorized \$50 million for FY2016, rather than the entire five-year program.”<sup>76</sup> The United States spent \$60 million on the MSI in FY2017 and \$100 million in FY2018.<sup>77</sup> Until Washington institutionalizes a financial commitment to building partnership capacity in Southeast Asia, efforts to do so are more likely to be ad hoc rather than strategic in nature.

One area in which the United States has an undoubted advantage is military drones—an advantage that is quickly dissipating, as current US policy limits drone exports to the great benefit of Chinese manufacturers. Armed and unarmed drones make sense for all the South China Sea’s Southeast Asian nations—all of whom struggle to monitor coastal regions and claimed maritime territories and defend those areas and the skies above. Over time, unmanned aerial vehicles (UAVs) can contribute to solving both those problems.

To wit, the United States is reportedly providing four Insitu ScanEagle surveillance drones to Indonesia, purchased with a grant provided under MSI.<sup>78</sup> But for the United States to significantly expand exports of these assets, it will have to loosen its export control regime and revisit how it defines UAVs under the Missile Technology Control Regime (MTCR). There has been recent progress in this regard. In April 2018, the president issued a “National Security Presidential Memorandum Regarding U.S. Conventional Arms Transfer Policy” that directs the secretary of state, in coordination with the secretaries of defense, commerce, and energy, to “submit . . . a proposed initiative to align our unmanned aerial systems (UAS) export policy more closely with our national and economic security interests” and that “should address the status of, and recommend next steps for, MTCR adoption of revised controls for MTCR Category I UAS.”<sup>79</sup>

Finally, the United States is perhaps best poised to initiate a regional maritime domain awareness (MDA) network, which would include not only traditional US partners but also Indonesia, Malaysia, and Vietnam. Participating countries would contribute their own intelligence, surveillance, and reconnaissance (ISR) capabilities to the network, and all participants would have access to a common operating picture.<sup>80</sup> The United States could assist currently less capable partners in the development of their ISR assets, thus enhancing its own ISR reach.

Such a network would deter Chinese aggression in the China seas, as Beijing would know it was always under observation. It might also discourage China from provocative activities—such as military construction—on disputed islands under its control. An allied MDA network would have the added benefit of tamping down tensions among participant nations as well, many of which are engaged in territorial disputes and tend to compete with one another.

There are, of course, substantial challenges in building a shared MDA network. Southeast Asian states will be concerned over any perceived sacrifice of sovereignty and hesitant about joining a coalition that, even if only implicitly, seeks to counter Chinese ambitions. Aligning information security regulations and practices across different countries would likewise be difficult. Information-sharing arrangements between countries with varying systems of government and lacking mutual trust will not come easy. As has been noted, however, the choices available to South China Sea states are becoming increasingly stark. The rationale for closer regional security cooperation is clear, and the rationale for eschewing it is increasingly muddy.<sup>81</sup>

**Diplomacy.** To implement these proposed security policies for the South China Sea, the United States will have to engage in robust and sustained diplomacy in the region. Such diplomacy should be aimed not solely at building defense ties to deter Chinese aggression but also at moving the maritime impasse toward an ultimate solution.

The United States has long called for a “peaceful resolution” of disputes via “diplomacy,” but as

State Department spokesperson Mark Toner put it in March 2017, “We don’t have a dog in that fight.”<sup>82</sup> Washington wants to ensure that freedom of navigation in the sea is preserved but has generally avoided getting directly involved in the disputes.

This position is no longer tenable and has not been for some time. It turns out that the United States does have an interest in how the disputes are resolved. Imagine if, without firing a shot, China were to secure its claims to all the disputed features in the South China Sea. It would be in position to more easily threaten its neighbors and the sea lines of communication. Given China’s hostility to commonly held notions of freedom of the seas and its apparent desire for hegemony in Asia, such would be an intolerable turn of events for the United States and its allies.

This is not to say that the United States should pick a “dog” in the fight. Rather, the United States must recognize that, absent its direct involvement in the disputes, it cannot ensure that its interests are protected in whatever resolution the claimants eventually come to. One might argue that a resolution is unlikely in the near to medium term and that the status quo is amenable to US interests. But the status quo—however one defines it—has, in fact, been conducive to the expansion of Chinese power; it is inherently unstable. It is far past time for the United States to exercise diplomatic leadership with the aim of pushing the claimants toward a settlement.

In July 2016, the PCA issued its ruling in the *Philippines v. China* arbitration case, brought by Manila in 2013. Put simply, the PCA concluded that Chinese claims to “historical rights” in the South China Sea have no basis in contemporary international law and are not even supported by the historical evidence. Importantly, the PCA found that no features in the Spratly Islands are, legally speaking, islands and thus cannot generate EEZs. Finally, the tribunal found that China had, on several occasions, acted illegally in violating the Philippines’ sovereign rights within its EEZ, denying Philippine fishermen from exercising “traditional fishing rights” at Scarborough Shoal, and causing severe environmental harm through its island building and illegal fishing activities.<sup>83</sup>

The PCA's findings accord with American interests in ensuring that the South China Sea remains a global maritime commons in which the rights of navigation can be freely exercised. The ruling should serve as the basis on which the United States pursues a diplomatic settlement to the disputes.

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## **It is far past time for US leaders to speak directly to Americans about US interests in Asia, threats to those interests, and a strategy for countering them.**

ASEAN is currently in the process of negotiating with China a code of conduct (CoC) for the South China Sea. Talks have been ongoing for years, and Beijing has been deliberately drawing out the process as it methodically enhances its position in the sea. China and ASEAN did agree on a framework for a code of conduct in 2017, but this supposed progress amounted to little more than an agreement on what to discuss in further negotiations. An actual binding code of conduct is still far off.

Working through the Maritime Security Caucus, posed above, the United States and other extra-regional partners should encourage the Southeast Asian claimant member states to impose a deadline—six months at most—for completion of talks and a freeze on additional work on territorial holdings during that time. Claimant states should announce that if island building resumes, construction of new facilities continues, or a CoC is not promptly concluded, then they will launch a new diplomatic process to set standards for conduct in disputed waters, agree

on parameters for resource development therein, and move toward border delimitation.

The claimant states should make it clear that they welcome Chinese participation in such a process. (See sidebar for what to do about Taiwan, which is also a claimant to the disputes.) Given Beijing's heretofore refusal to engage in multilateral negotiations over territorial delineation and its outright rejection of last year's PCA ruling, China is likely to keep its distance. But as Dan Blumenthal and I wrote when first proposing a fresh diplomatic approach to the South China Sea in 2015, "Beijing can choose to enter into a negotiating process over territorial disposition or see disputes resolved without its input."<sup>84</sup>

The claimant states will not take such a step if they are not confident of American support. The United States must clearly convey that it will support and indeed defend agreements reached, as long as those agreements respect international law and do not impinge on US interests. Thus, it must be prepared to do so; rhetorical assurances will be insufficient for shoring up claimant states' confidence in adopting a new path. Preparing to exercise American power to defend newly negotiated agreements in the South China Sea and convincing allies and partners of America's willingness to do so will, broadly speaking, require three actions.

First, the White House must clearly explain to the American people the US interests in the region. In 2011, President Obama gave a major speech to the Australian Parliament, which essentially marked the formal rollout of his "pivot" or "rebalance" to Asia. Delivering the speech in Asia to one of America's oldest and most dependable allies was a sensible move. The president, however, never seemed to grasp that he also needed to make the case to the US public for deeper American involvement in the Asia-Pacific region. Absent making that case, displays and statements of commitment to partners there lacked credibility. There are reasonable doubts in the region about Washington's willingness to risk greater tension and even hostilities with China given that nobody in Washington has bothered explaining to Americans why taking those risks is in their interests.

## Taiwan and the South China Sea

Any diplomatic efforts to resolve, or at least manage, disputes in the South China Sea will have to consider the question of Taiwan. Southeast Asian claimants will certainly be hesitant to engage with Taipei during delicate negotiations that are already sure to raise China's ire. No Southeast Asian state has official relations with Taiwan, and the claimants often look askance at the island, concerned that Taipei might coordinate its efforts with Beijing. This fear is overblown, but it holds nonetheless.

Diplomacy cannot, however, simply ignore Taipei. Taiwan occupies Itu Aba (or Taiping Island, as it is called in Taiwan), the largest feature in the South China Sea, which plays host to a Coast Guard outpost. Taiwan's presence and, yes, its military power give it a say in the South China Sea. Moreover, Taiwan has in the past sought to play a proactive, constructive role in the sea. The previous president, Ma Ying-jeou, launched a South China Sea Peace Initiative, a plan largely ignored by the other claimants

but that sought to restore a modicum of stability to the disputed waters and make way for joint resource development.

So what to do about Taiwan? In the course of the diplomacy proposed here, claimants should hold sessions to engage with other concerned parties, like environmental nongovernment organizations (NGOs), advocacy groups, and UN organizations (e.g., the Food and Agriculture Organization, relevant United Nations Convention on the Law of the Sea agencies, and the International Maritime Organization). Representatives from Taiwan should be invited to participate in such sessions, which would provide an opportunity for Southeast Asian claimants to engage in backdoor negotiations with Taiwan without symbolically conferring on the island, intentionally or otherwise, recognition of statehood.

Such a construct would be suboptimal for Taiwan but also better than the likely alternative: to be cut out of South China Sea diplomacy altogether.

The Trump administration should right this wrong, and do so quickly. It is far past time for US leaders to speak directly to Americans about US interests in Asia, threats to those interests, and a strategy for countering them. If Americans do not know what is at stake, they will not support a strategy for the region that will, by necessity, involve some level of risk. A major presidential address focused on Asia, including a discussion of Southeast Asia and the South China Sea, would build domestic support for American actions in the region, thus reassuring friends and deterring adversaries.

Second, the United States must abandon its until-now risk-averse approach to the South China Sea and move to enact the security policies outlined above. If claimant states see the United States binding itself more closely to regional partners—including clarifying how the US-Philippines defense treaty applies to the South China Sea—and adjusting force posture to

enhance its ability to challenge potential aggressors, not to mention using its forces to do so, they will be more comfortable following America's lead. Doing so will require that the United States align its budget priorities with this strategy.

When President Obama delivered his Australian speech in November 2011, he stood on shaky ground, making security commitments just three months after passage of the Budget Control Act. His promises that “reductions in U.S. defense spending will not . . . come at the expense of the Asia Pacific” and to “constantly strengthen our capabilities to meet the needs of the 21st century” were questionable at best.<sup>85</sup> Absent significant and sustainable increases in defense spending, any security commitments President Trump may make to the region will face similar skepticism.

Third, the secretary of state and, when possible, the president must engage in robust, sustained bilateral diplomacy. Consider the amount of time and

resources that Henry Kissinger and his successors have dedicated to pursue Middle East peace initiatives. Nothing similar has been attempted in Southeast Asia. Such diplomacy is necessary to convince claimant states of not only of American commitment to a bold new effort but also the likelihood that such an effort will result in progress on resolving territorial disputes.

The claimants will, at the outset, hesitate to engage in the proposed diplomatic process because they know it will anger Beijing. They certainly will not risk China's ire if they fear such a process will end in deadlock. American shuttle diplomacy can serve to ease those concerns. Via bilateral engagement, the secretary of state can suss out opening negotiating positions, determine whether counterparts are prepared to negotiate in good faith, and ensure that political leaders have domestic political maneuvering room to make potentially controversial compromises. Basically, American shuttle diplomacy would serve dual purposes: to convince claimants of US reliability in supporting the effort and, essentially, to conduct a quiet first round of negotiations before bringing the parties together, ensuring they are confident that they can make progress toward a lasting solution to the South China Sea conundrum.

## Terrorism and Insurgency

The South China Sea, unfortunately, is not the region's only persistent challenge. On May 23, 2017, the AFP conducted a raid in the city of Marawi on the southern island of Mindanao. An attempt to capture Isnilon Hapilon, the operation met fierce resistance and set off a siege of the city by approximately 500 militants. Hapilon, leader of the Abu Sayyaf Group (ASG), a jihadist-cum-kidnapping-for-profit-group, had pledged allegiance to the Islamic State in 2014 and had later been appointed "emir" of ISIS forces in the Philippines.

The militants laying siege to Marawi included members of not only ASG but also the Maute group, another radical Islamist group based in the southern Philippines. Troublingly, the force reportedly included

foreign fighters from Indonesia, Malaysia, Singapore, and as far afield as India, Yemen, and Chechnya. Regional security leaders have long feared that ISIS's exploits in the Middle East would inspire local efforts by militant groups and that local fighters returning from Syria and Iraq would provide needed leadership, training, and experience to indigenous movements. That eventuality, apparently, has come to pass.

Sydney Jones, in a report written in 2017 while the Marawi siege was ongoing, highlighted these links:

The Marawi operations received direct funding from ISIS central and reveal a chain of command that runs from Syria through the Philippines to Indonesia and the rest of Southeast Asia. ISIS central seems to have been represented by Khatibah Nusantara, the fighting unit led by the Indonesian named Bahrumisyah and his associate, Abu Walid. Khatibah Nusantara in turn sent funding through Dr. Mahmud Ahmad, a Malaysian who sits in the inner circle of the Marawi command structure. Dr. Mahmud controlled recruitment as well as financing and has been the contact person for any foreigner wanting to join the pro-ISIS coalition in the Philippines. Tactical decisions on the ground are being made by the Philippine ISIS commanders themselves, but the Syria-based Southeast Asians could have a say in setting strategy for region [sic] when the siege is over.<sup>86</sup>

The Marawi militants put up a much stronger resistance than expected, causing the AFP to repeatedly push back its estimate of when the fighting would conclude. The implications are troubling:

[The battle] has lifted the prestige of the Philippine fighters in the eyes of ISIS central, although it has not yet earned them the coveted status of *wilayah* or province of Islamic State. It has inspired young extremists from around the region to want to join. In Indonesia it has helped unite two feuding streams of the pro-ISIS movement, inspired "lone wolf" attacks and caused soul-searching among would-be terrorists about why they cannot manage to do anything as spectacular. All of this suggests an increased incentive for jihad operations, though the capacity

of pro-ISIS cells for organizing and implementing attacks outside the Philippines remains low. That could change with a few fighters coming back from either Marawi or the Middle East.<sup>87</sup>

Indonesia, which had successfully contained its terrorism problem in the wake of the 2002 Bali bombing, has seen a spate of small attacks over the past few years. Security officials openly express concern over militants returning from Syria, to which some 600 went to fight with ISIS. Singapore has made ISIS-related arrests. And according to Jones, ISIS now has ties to Thai militants, which have long eschewed any alignment with international movements. To date, the southern Thai insurgency has been primarily an independence movement, not an Islamist one. That remains the case, but internationalization may become more likely if Malay Muslims in Thailand and northern Malaysia see ISIS-linked groups control territory elsewhere in the region.

The United States has a role to play in countering this re-emergent threat. Indeed, the United States has worked to counter terrorism in Southeast Asia since the September 11, 2001, attacks. The most well-known of these efforts was the Joint Special Operations Task Force-Philippines (JSOTF-P). A rotating force of roughly 500 US special operators served in an advise and assist role in the southern Philippines from 2002 until 2015, when Operation Enduring Freedom-Philippines (OEF-P) came to an end. RAND assessed that the operation resulted in positive outcomes:

With U.S. assistance, AFP forces disrupted enemy operations, denied safe haven, and controlled key terrain; AFP SOF [special operation forces] conducted surgical operations against numerous key targets, facilitators, and resources. In the course of OEF-P, the transnational terrorist threat migrated from Basilan to Mindanao, to Jolo, and back to Mindanao and Basilan. Sanctuary and support for the ASG and [Jemaah Islamiyah] were diminished after [civil-military operations (CMO)], combat operations, and conflict-resolution efforts of the Philippines government.<sup>88</sup>

As evidence, RAND cites three trends:

(1) A decline in enemy-initiated attacks, (2) reductions in the number of members of the ASG, and (3) poll data showing decreased support for the ASG and increased satisfaction with government security forces. This change in the population's sentiment correlates with the increased intensity of CMO and [information operations].<sup>89</sup>

JSOTF-P forces were successful, in large part, because they did not operate in isolation; rather, they were part of a broader US effort—what is often called a whole-of-government approach—to counter terrorism in the southern Philippines. RAND notes that “much of USAID’s programming and funds, for example, were devoted to the southern Philippines.”<sup>90</sup> Aside from the JSOTF-P, the US government’s “principal inputs included a large development program by USAID in Mindanao, a conflict-resolution effort until 2006, police training by other U.S. agencies, and annual exercises and training events organized and managed by the U.S. embassy’s [Joint U.S. Military Assistance Group].”<sup>91</sup>

In another study, RAND’s Linda Robinson notes the important roles that American civilians played in OEF-P’s success:

In the OEF-P campaign, the JSOTF-P benefited from the fact that four career ambassadors led the U.S. country team for the duration. These experienced and distinguished senior foreign service officers brought a wealth of knowledge and stature to the job of civilian-military coordination. While their responsibilities leading one of the largest missions in Asia spanned a far greater range of duties than overseeing coordination for OEF-P, the ambassadors traveled to southern Mindanao, engaged the senior Philippine leadership at appropriate times, and oversaw an increasing amount of coordination between the civilian country team and the JSOTF-P command group. A particularly productive relationship was formed between SOF and the long-serving USAID Mission Director, and placement of liaisons in the embassy and the JSOTF-P headquarters aided connectivity.<sup>92</sup>

OEF-P did not entirely stamp out terrorism in the southern Philippines, but, as described above, by many measures it was a success. So what happened between the end of the operation and the siege of Marawi? Several factors may have contributed to the reemergence of terrorism in the southern Philippines.

In particular, while OEF-P had a counterterrorism mission, the challenge in the southern Philippines was never solely one of terror. This explains, partly, parallel American efforts focused on development and conflict resolution. But only Filipinos can solve, or at least manage, the fundamental political, social, and cultural challenges at hand in the southern Philippines, for in this region, jihadism, insurgency, and a clan-based social structure interact in complicated ways. If local authorities and Manila could not address the myriad challenges that both fed into and resulted from those interactions, success in combating terrorism was bound to be fleeting.

The Congressional Research Service reports that since 2014 “the government has been slow to implement a plan to replace military with police forces to maintain security, and the peace process has stalled.”<sup>93</sup> In March 2014, the Philippine government, then led by President Benigno Aquino III, agreed to a peace deal with the Moro Islamic Liberation Front (MILF). The Philippine Congress, however, never passed the Bangsamoro Basic Law, which would have created an autonomous region centered on Mindanao. Although peace in the south was a priority for Duterte, who hails from the region, there has been little progress since his assumption of the presidency in the summer of 2016.

In June 2014, Abu Bakr al-Baghdadi announced the establishment of a caliphate in the Levant. Pledges of fealty to al-Baghdadi from Filipinos (and Indonesians in the Philippines) quickly followed.<sup>94</sup> Non-MILF militants that may have seen their own efforts undermined by the peace deal now had a new cause to inspire and, importantly, unify them. International intervention in Iraq and Syria to counter ISIS’s advance began that summer as well, and over the following three years, the appeal of heading to Syria and the ease of doing so both diminished.

As reported by Reuters, an ISIS video released in June 2016, according to the chief of Malaysia’s police counterterrorism unit, marked ISIS’s “acceptance of allegiances from jihadists in the Philippines.” In the video, a Malaysian man in Syria tells viewers, “If you cannot go to [Syria], join up and go to the Philippines.”<sup>95</sup> In early May 2017, a post on Telegram, a messaging app widely used in Indonesia, appealed to Indonesians to likewise head to the Philippines:

If you find it difficult to go to Sham [greater Syria] because of cost and security concerns, why not try the Philippines? Truly, our brothers in the Philippines are awaiting your arrival, why are you so slow in answering their call?

Does it make sense that we have a neighbour being attacked by a swarm of criminals, but we aim for a further neighbor rather than one closer by? We give more importance to the further neighbour and make the closer one lower priority? Brothers, this is not to demean efforts to emigrate to Sham, but to advise those of you who are still in the land of kafir but have not yet set out on your journey: if you find it hard to get to Syria, strengthen the ranks in the Philippines.<sup>96</sup>

Soon, Indonesians and Filipinos would be fighting side by side in Marawi, holding out for months against the AFP. Sitting before the Senate Armed Services Committee in June, just three weeks after the start of the battle for Marawi, Secretary of Defense Jim Mattis testified, “In 2014, we canceled the named operation that we had down there, perhaps of a premature view that we were gaining success. Without that, we lost some of the funding lines that we would have otherwise been able to offer.”<sup>97</sup> Appearing before the same committee for his hearing on reappointment as vice chairman of the Joint Chiefs of Staff, Gen. Paul Selva echoed Secretary Mattis’ point:

In every case where we see the resurgence of terror networks, particularly in the fragile areas of the southern Philippines, I think it is worth considering whether or not we reinstate a named operation not only to provide for the resources that are required but to give the Pacific Command commander and

the field commanders in the Philippines the kinds of authorities they need to work with indigenous Philippine forces to actually help them be successful in that battle space.<sup>98</sup>

It is impossible to know if the Marawi siege could have been avoided had OEF-P continued. At the very least, were JSOTF-P still in place, the United States would have had five to six times as many special operators on the ground in the southern Philippines (the United States has maintained approximately 100 in-country since the mission's close), who would have had more resources to bring to bear and would have been in position to advise and assist at both the operational and tactical levels. There were good reasons in 2014 to think that the Philippines was ready to handle the counterterror mission in the south on its own, but that has proved not to be the case.

Duterte's anti-Americanism makes closer cooperation difficult, but not impossible. Indeed, Marawi has proved the United States' indispensability to preserving security in the Philippines. In 2017, the apparent personal animosity that Duterte held toward President Obama and the previous American ambassador were no longer relevant, and, importantly, a new named operation in the southern Philippines would not put at risk Manila's closer ties to Beijing. To wit, in January 2018, the *Wall Street Journal* reported that in the previous September the United States had wisely elevated its counterterror operation in the Philippines to an Overseas Contingency Operation and established a newly named mission, Operation Pacific Eagle-Philippines (OPE-P). Doing so opened US efforts in that country to new lines of funding, which officials say "will be used to boost military and aid efforts to combat extremism."<sup>99</sup> At present, there are no plans to expand the number of American troops (200–300 according to the *Wall Street Journal*) present in the country.<sup>100</sup>

Ideally, the United States will match OPE-P with a deepened commitment of civilian resources. Mindanao, which hosted four of the Philippines' five poorest regions as of 2015, suffers from not only conflict but also lack of infrastructure and effective institutions.<sup>101</sup> The United States can work with the

Philippines to address some of these shortcomings, while OPE-P and the AFP's own counterterror efforts create space for all parties to pursue a political solution—should they choose to do so.

As noted, Southeast Asia's terror threat is not limited to the Philippines. Indonesia has seen its own uptick in violence, and several Indonesians are known to have participated in the battle for Marawi. Replicating OEF-P in Indonesia might seem appealing, but it is unlikely. Indonesia is protective of its sovereignty, and, despite extensive and effective US support for Detachment 88 (Indonesia's counterterror police unit) since the early 2000s, the Indonesian security establishment still distrusts the United States. Consider, for example, that some viewed US Marines' deployment to Darwin in northern Australia as a US attempt to encircle Indonesia and better position forces to interfere in Indonesian internal affairs. Moreover, while Jakarta welcomed the Obama administration's decision to end the US ban on military contact with Kopassus (Indonesia's special forces)—which was imposed in 1999 due to human rights abuses—military leaders remain suspicious of US intentions and unconvinced of US dependability.

Despite this, US special forces have a role to play in supporting counterterrorism in Indonesia. Kopassus should be open to joint training initiatives. In particular, US SOF and the AFP should invite Kopassus and Detachment 88 operatives for a series of training activities in the southern Philippines. Such a program would bring together US SOF units and the Philippine units with which they operated most closely during OEF-P (and which they are likely operating with via OPE-P)—the Light Reaction Regiment, the Joint Special Operations Group, and the Naval Special Operations Group—to train and engage in exchanges with Kopassus and Detachment 88. Classroom sessions would focus on lessons learned during the 14 years of OEF-P and on the importance of civil-military relations and information operations; in many ways, these pillars of the OEF-P mission were at least as important as the advise and assist role that US SOF played. Mutual exchanges of intelligence on local militant networks and cultural idiosyncrasies would benefit both Philippine and Indonesian forces responding

to threats in porous border regions and would especially benefit US special operators, who are likely to have less direct experience with Indonesian fighters.

Kopassus and Detachment 88 would likewise have an opportunity to observe, and eventually participate in, combined US-AFP exercises. Ideally, Indonesian participants would also be invited to observe actual operations with AFP engaging in combat and US SOF providing advice and assistance. At the very least, such a program would leave Indonesian participants better equipped to respond to challenges in their own country. At best, those participants would have their eyes opened to the benefits of working more closely with their American counterparts, perhaps putting upward pressure on national leadership to open a pathway to enhanced cooperation on Indonesian soil.

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## The United States can contribute to the counterterror fight in Southeast Asia from at sea.

Of course, the United States should continue supporting Indonesia through the State Department's Antiterrorism Assistance program, which it has done since 2003. Detachment 88's successes are owed, at least in part, to this program. In Washington's bilateral dealings with Jakarta, the United States should prioritize securing Indonesia's participation in the Global Coalition to Defeat ISIS. The same goes for the Philippines. Domestic political considerations may have prevented their earlier participation, but given the events of the past year, that position is no longer tenable. Defeating ISIS in the Middle East, staunching the flow of foreign fighters, and shutting down international financing are all in the interests of both Indonesia and the Philippines.

Moreover, participating in the coalition would open the door to participation in Operation Gallant Phoenix, an intelligence-sharing effort led by Special Operations Command. Southeast Asian counterterror efforts have long been hindered by their reluctance to share intelligence within the region; doing so through a broader international coalition might be more politically feasible and certainly more valuable. Malaysia and Singapore already participate in the coalition and, perhaps, in Operation Gallant Phoenix as well.

Finally, the United States can contribute to the counterterror fight in Southeast Asia from at sea. The waters of the Sulu Sea have, in particular, been difficult for the Philippines, Indonesia, and Malaysia to effectively monitor and police. Militants have moved freely through these waters, and, related, piracy has spiked there as well. The three countries have taken steps to enhance their ability to patrol there, a development that should be encouraged and that Washington should offer to complement. Indeed, this is an ideal job for the LCS stationed in Singapore. Better yet, a rotating LCS task force at Subic Bay or on Borneo would be well positioned to patrol these waterways in which pirates and terrorists have too often acted unimpeded. The Southeast Asia Maritime Security Initiative—which is helping these three countries and others field better MDA capabilities—is important here as well, but it does not supplement American presence and American power.

Irregular warfare is a persistent challenge in not only maritime Southeast Asia but also continental Southeast Asia, where Thailand and Burma face long-standing insurgencies. Writing in 2016, the Council on Foreign Relations' Joshua Kurlantzick suggested that the United States should complement its Southeast Asia MSI with what he called a "Southeast Asian Civil Conflict Fund." This fund would be dedicated to "helping Southeast Asian nations . . . battle insurgencies and attempt to negotiate cease-fires and formal peace deals."<sup>102</sup> This is a worthwhile idea, as it would ensure that US efforts regarding irregular warfare in the region would not narrowly focus on terrorism. Such a program would likewise reassure the countries of continental Southeast Asia, notably Thailand, that they are not forgotten even as the US

increases its focus on the maritime realm. It could have the added benefit of facilitating better-coordinated efforts across the US government to tackle civil conflict in the region.

In continental Southeast Asia, the United States is best positioned to affect outcomes in Thailand given the alliance relationship. It already has programs in place in the south to do so. In particular:

USAID supports a variety of initiatives that address the causes and consequences of violent conflict, helping people affected by the violence and supporting community media. USAID also supports conflict resolution efforts and aims to build trust within communities, and between citizens and governments.<sup>103</sup>

These efforts may help at the margins, but Washington should complement them with an effort to encourage a new Thai strategy for the insurgency, as Thai authorities have failed to bring the conflict any closer to resolution over the past decade. Indeed, by some measures, the violence has intensified. Kurlantzick argues that a carrots-and-sticks approach could convince Thailand to change course. Carrots would include more aid for the south, more training for Thai forces, more financing for US arms purchases, and more frequent, high-level meetings between US and Thai civilian and military officials. Sticks could include a further scaled-back military-to-military relationship and the relocation to other countries of American agencies' regional offices. American military officers should also "simultaneously emphasize to the Thai armed forces that ending insurgencies reduces the possibility of losing Thai territory and that permanent cease-fires reduce military casualties and make it easier for the armed forces to recruit."<sup>104</sup>

Washington could adopt similar approaches to other civil conflicts in Southeast Asia in which the local approach is seen to be either ineffective or counterproductive. The Maoist insurgency in the Philippines and civil conflict in Indonesian Papua might be candidates. There are numerous civil wars in Burma, but despite the country's reform, American influence there remains limited, especially with the armed

forces. (Refer to the next chapter for thoughts on an American approach to Burma.)

## Nontraditional Security Threats

As noted earlier in this chapter, Southeast Asia faces a host of nontraditional security challenges as well, from extreme weather to transnational crime. These challenges do not directly or immediately threaten US interests, narrowly defined, but they do intersect with traditional challenges and with American values in ways that demand American responses.

HADR operations are typically the most stressing of these challenges for US forces. As with any military operation, the best way to prepare is to practice, which the United States has done with local partners since the 2004 Indian Ocean tsunami. Most well-known among these efforts is Pacific Partnership, an annual deployment launched in 2006, which the US Navy describes as "the largest annual multilateral disaster response preparedness mission conducted in the Indo-Asia-Pacific."<sup>105</sup> These, and related exchanges and training opportunities, should continue.

To enhance its ability to respond rapidly to natural disasters in the region—and to various other contingencies—the US Navy should consider upgrading its Marine Rotational Force in Darwin, Australia, to a Marine Expeditionary Unit with an assigned amphibious vessel. The Marines currently in Darwin are in prime position to respond to disasters in a region unfortunately prone to them, but, at present, there are too few of them with no way to get where they need to be.

In addition to natural disasters, of course, humans are themselves quite adept at causing suffering. Statelessness, lack of opportunity, and violence have driven refugees to leave Burma in particular in recent years, causing a migration crisis affecting states across the region—most notably Thailand, Malaysia, and Indonesia. Between 2012 and 2015, over 100,000 migrants from Burma and Bangladesh attempted the sea journey to Malaysia. This phase of the migration crisis came to a head in May 2015,

when regional governments cracked down on smugglers within their borders and halted the landing of migrant ships on their shores, stranding some 5,000 migrants at sea.

Since that time, overland migration has been more common. Between late 2016 and early 2017, 70,000 refugees fled violence in Burma's Rakhine State and crossed the border into Bangladesh. Between August 2017 and April 2018, more than 687,000 additional refugees made the trip as they escaped what the UN High Commissioner for Human Rights called a "textbook example of ethnic cleansing."<sup>106</sup> Now nearly 900,000 people are at the refugee camp at Cox's Bazar in Bangladesh.<sup>107</sup>

The human suffering inherent in these migratory movements should be a primary concern, but there are potentially serious security implications as well. Movements of this magnitude strain the limited resources of destination countries, as well as of international organizations and NGOs tasked with aiding migrants. That strain on resources, in addition to tensions with local communities—resulting from cultural or religious differences, competition for jobs, economic consequences, etc.—can destabilize host governments. Mass movements of people and the growth of refugee camps also raise the specter of health crises—both localized and pandemic—and create opportunities for criminal activities, with human smuggling and human trafficking perhaps foremost among them.

The United States can provide humanitarian aid and open its doors to refugees from the region to mitigate the effects of the migration crisis. Washington can also make the case to ASEAN capitals that an ASEAN failure to adopt a more proactive, constructive approach to the challenge will undermine the case for ASEAN centrality. If ASEAN cannot address pressing problems in the subregion, why should it serve as a fulcrum for broader regional diplomacy?

Ultimately, of course, resolving the migration crisis requires that drivers of migration in source countries be addressed. The pace of international migrations will not slow until civil wars and human rights atrocities in Burma come to end, Rohingya statelessness is reversed, apartheid-like conditions

are alleviated, and economic opportunity proliferates. The United States, unfortunately, has limited means to bring about such ends. (For more on Burma, see the fourth chapter.)

Washington does have options to assist local governments in tackling the criminal activity that may or may not relate to the migration crisis. In Southeast Asia, trafficking of various kinds—of people, narcotics, and wildlife—have been ongoing scourges. These activities feed organized crime, terrorism, and corruption, among other vices inimical to peace and prosperity in the region and to US national security interests.

In this realm, the US military cannot—and should not—play a leading role. Trafficking is, first and foremost, a criminal problem. The US Coast Guard, Drug Enforcement Agency, and Immigration and Customs Enforcement have all led training engagements in Southeast Asia. These efforts should continue.

Diplomatic efforts can be useful here as well. Consider, for example, the State Department's annual Trafficking in Persons (TIP) report. This sort of "scorecard diplomacy" has been effective in Southeast Asia in the past. According to Duke University's Judith Kelley, "Countries criminalize human trafficking more quickly when they are included in the report, get worse grades or see their grades drop. . . . Thus scorecards can prompt real changes."<sup>108</sup>

When Indonesia was first ranked in the TIP report in 2001, the State Department assigned it to the Tier 3 category. According to the State Department, the governments of Tier 3 countries "do not fully meet the minimum standards [of the Trafficking Victims Protection Act] and are not making significant efforts to do so."<sup>109</sup> Kelley describes how American diplomats prioritized addressing these shortcomings in their dealings with Indonesian counterparts and how those diplomats also partnered with NGOs to increase indirect pressure on Jakarta. Capacity-building efforts were a priority for the United States as well. These efforts showed results.

Fairly comprehensive, if imperfect, anti-TIP legislation was passed in 2007. Training for Indonesians in the criminal justice arena assured that institutions from police to courts were better able to handle TIP cases. Over time, Indonesia saw itself included in the

Tier 2 countries, whose governments “do not fully meet the TVPA’s minimum standards, but are making significant efforts to bring themselves into compliance with those standards.”<sup>110</sup>

When it comes to issues of transnational crime, the United States can succeed by (1) imposing reputational costs on countries that are negligent in countering (or even actively abetting) criminal behavior and, crucially, (2) dedicating resources to assist countries in addressing identified problems. The State Department already conducts country-by-country assessments in its annual International Narcotics

Control Strategy Report. A similar approach to wildlife trafficking could be effective as well.

Local governments have a key role to play in countering transnational crime, but a narrow US focus on criminal justice systems is unlikely to be sufficient here. Accountable governments are more likely than illiberal states to prioritize anti-TIP efforts, and prosperity reduces the incentives for workers to seek employment in the criminal underworld. The next chapter will consider how the United States can pursue the spread of free markets and responsive, accountable governance in Southeast Asia.

# IV. Prosperity and Good Governance: Advancing Political and Economic Development in Southeast Asia

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Advancing Southeast Asian security, good governance, and prosperity are mutually reinforcing propositions. Indeed, a broader and deeper embrace of free markets and of responsive and accountable government would undergird America's pursuit of its security objectives in the region. The United States can and should take steps to encourage such an embrace.

In theory, this should be an easier lift on the economic side of the ledger. Unfortunately, President Trump's decision, even if warranted on economic grounds, to withdraw from the TPP—an FTA that included four Southeast Asian states—and his reserved outlook on trade have made this vision look unrealistically aspirational.<sup>111</sup> Even so, there exists an economic approach to Southeast Asia that would accord with the president's stated trade preferences and benefit regional countries and the United States alike.

The case for embracing such an approach is clear. Within the subregion, Vietnam, Indonesia, and the Philippines are particularly important due to the size of their GDP (\$216 billion, \$1.1 trillion, and \$321.2 billion, respectively), their GDP growth rates (6.3 percent, 5.2 percent, and 6.6 percent), and their large populations (96.2 million, 260.6 million, and 104.2 million).<sup>112</sup> Vietnam's national wealth has grown from \$76 billion in 2000 to \$358 billion in mid-2017; wealth per adult has tripled over that time frame to \$5,391.<sup>113</sup> Vietnam's working-age population (15–64 years old) made up 70 percent of the total in 2016, although that share peaked in 2013.<sup>114</sup> Vietnam has been adding an average of 900,000 people to the

labor force each year since 1999.<sup>115</sup> From 2010 to 2016, median household disposable income grew by 46 percent from \$2,613 to \$3,822 and is forecast to reach \$5,300 in 2022.<sup>116</sup>

Indonesia's national wealth more than sextupled between 2000 and mid-2017.<sup>117</sup> Nearly 70 percent of the country's population is working age (as of 2016), and the labor force has grown by an annual average of 1.7 million people over the past 20 years.<sup>118</sup> Indonesia's median disposable income is forecast to reach \$11,300 in 2030, up from \$6,300 in 2014.<sup>119</sup>

Since the turn of the century, the Philippines' national wealth has grown by more than 500 percent.<sup>120</sup> The working-age population accounted for 63 percent of the total population in 2016, a share that has been growing since the mid-1960s. Since 1999, the labor force has grown by an average of 850,000 people annually.<sup>121</sup> Median disposable income per household may grow from \$6,710 in 2014 to \$11,429 in 2030, a 70 percent increase.<sup>122</sup>

In short, potential opportunities for American businesses and American workers abound. The United States should work to ensure that those opportunities materialize.

## A Trade Agenda for Southeast Asia

President Trump can accomplish that goal by making a bilateral FTA with Japan the top priority for his trade representative. Why should the Trump

administration's economic approach to Southeast Asia begin with Japan? First off, TPP negotiations laid the groundwork in controversial areas, such as agriculture, for a bilateral effort; trade talks would not need to start from scratch. Better yet, Derek Scissors and Dan Blumenthal, in a study last year for the Project 2049 Institute, point out that a bilateral FTA "can be more effective than the TPP at opening services trade, protecting intellectual property [IP], and limiting state-owned enterprises [SOEs], which would be vital in winning American political support."<sup>123</sup> Importantly, a US-Japan trade agreement "involves no fear of job loss due to low wages."<sup>124</sup> In short, if Washington and Tokyo are willing to look at the full range of possible economic gains, they could conclude an agreement in relatively speedy fashion, thus signaling American seriousness in continuing to expand trade relations abroad and undoing some of the harm the president's earlier anti-trade rhetoric caused.

A high-standard bilateral FTA is a realistic goal. Per Scissors and Blumenthal, on agriculture, Japan would likely need to maintain its TPP commitments to reduce tariffs and expand country-specific quotas in a number of categories. Japan and the United States would seek to agree to specific rules for digital trade, with the "free flow of data" serving as "the guiding principle." In the highly politicized energy sphere, the United States should look to liberalize its export controls and protect exports to Japan against future US administrations interested in reducing fossil-fuel production; both countries should commit to lowering barriers to energy investment, whether in production or infrastructure. An FTA could also see investment barriers reduced in America's transportation sector and in Japanese industries relating to national security.

On IP, the United States and Japan can set high standards for patent evaluation, in particular to ensure that patent approval is "quick and secure." They should also be able to agree on high standards for IP protection for biologics and other pharmaceuticals. IP protection enhancements in various industries are possible.

Finally, a bilateral Japan-US FTA could "ban SOEs from nearly all sectors, using a broad definition of what

qualifies as an SOE."<sup>125</sup> Ideally, both countries would commit to "very tight limits" on their own SOEs.

Scissors and Blumenthal argue that a US-Japan FTA of this nature could lay out a path for Vietnam, Indonesia, and the Philippines to become "richer, stronger, more market-oriented, and perhaps more democratic."<sup>126</sup> As noted above, of the 10 ASEAN countries, these three economies are particularly attractive for the expansion of trade ties. To be sure, Singapore will remain important as a financial and shipping hub in the region, but no potential exists for a significant expansion of trade ties. Thailand has a large economy and is a top 25 US trade partner but has been suffering from weaker growth. Malaysia has a large economy and healthy GDP growth (5.4 percent) but a relatively small population. In other words, although Vietnam, Indonesia, and the Philippines are not ASEAN's only important economic actors, they are likely to drive economic growth in a way the others will not. America should be poised to both support and reap the benefits from that growth.

The Philippines should be next in line, and not simply because it is a US ally in which China is extending its own influence. Already a participant in the United States' general system of preferences, the Philippines has expressed an interest in deepening trade ties. In Manila last December, President Duterte appealed to President Trump to begin talks on a bilateral FTA. In their joint statement, "The United States welcomed the Philippines' interest in a bilateral free trade agreement and both sides agreed to discuss the matter further through the United States-Philippines TIFA [Trade and Investment Framework Agreement]."<sup>127</sup>

Under the previous Philippine president, Benigno Aquino, Manila was already preparing for eventual participation in the now-defunct TPP. John Goyer, senior director for Southeast Asia at the US Chamber of Commerce, has noted, "In recent years the Philippines has undertaken a number of market opening measures in different industries, improved its IP protection and enforcement environment, and initiated a public debate about reforming the country's constitution in order to permit greater foreign investment in certain sectors."<sup>128</sup>

Significantly, the Aquino administration also produced, with support from the US Chamber of Commerce and from USAID, a readiness assessment for the Philippines' participation in the TPP. The assessment concluded:

In many respects, the Philippines already has in place many of the domestic laws and regulations that would be needed if it is to become a party to the TPPA. It has also already instituted a number of necessary internal mechanisms and procedures to comply with its obligations under the WTO and other existing FTAs, thereby equipping itself to be in compliance of the TPPA as well. Nonetheless, should the Philippines join the TPP, additional commitments will be needed and selected revisions to existing laws, regulations, and procedures will need to be implemented. . . .

Even as it is already "TPP ready" in many key respects, pursuing TPP membership will demand of the Philippines further significant adjustments in the policy environment, as embodied in administrative measures, laws, and the Constitution itself.<sup>129</sup>

While a bilateral US-Philippines FTA would not exactly replicate the TPP's terms, there is likely to be significant overlap, as described above. Given that Manila has already done the hard work of identifying reforms it would need to make before or as part of such an agreement, the United States should take seriously the Philippines' interest in launching negotiations. Moreover, unlike Vietnam, the Philippines will be able to move relatively swiftly to comply with provisions on SOEs.

That is not to say Vietnam is not a good candidate for a bilateral FTA. To be sure, Vietnam would far prefer US reengagement in the TPP—now called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)—but should be open to any trade agreement with the United States that gives Vietnam greater access to the American market. Consider the apparel and footwear sectors, important manufacturing industries in Vietnam. In 2017, total US import duties equaled 1.4 percent of the value of all imported goods and 4.7 percent of the value of all dutiable goods. But the average tariffs on

the dutiable portions of knitted or crocheted clothing items and on non-knitted or crocheted items were, respectively, 18.7 percent and 15.8 percent. For imported footwear, the rate is 11.9 percent.<sup>130</sup> Whether by multilateral or bilateral deal, reducing those rates for Vietnamese products would significantly boost already-large apparel and footwear exports to the United States.

When approaching trade talks with Vietnam, the Trump administration should explain its expectation that the US-Japan agreement will set useful benchmarks, particularly on SOEs and IP, for any future deals. In particular, Hanoi (and others) should be made to understand that a deal that does not set strict limitations on SOEs and does not meet the highest standards for protecting IP is a deal that is not in American economic interests.

A bilateral US-Vietnam trade pact that meets those standards makes sense for the United States. In 2015 and 2016, Vietnam was the United States' fastest-growing goods export market (23.3 percent in 2015 and 42.3 percent in 2016) and also the largest in absolute terms; goods exports grew by more than \$4.4 billion over those two years, more than twice as much as the second-largest growth market.<sup>131</sup> Such exports are abetted by a booming middle class, described above, as Stuart Schaag and Barbara Banas of the State Department have argued:

We are already experiencing the benefits of this rising middle class. In 2015, there were over 18,700 Vietnamese students studying in the United States. That same year, over 85,000 Vietnamese travelers visited the United States, representing the largest growth in Asia (up 30% from 2014). Vietnam is now ranked among Asia's top 5 retail markets. Consumer confidence is among the highest in Asia, where more than 90% of residents in Ho Chi Minh City consider themselves to be part of the middle class, a response rate higher than in Singapore, Jakarta or Kuala Lumpur.<sup>132</sup>

A high-standard US-Vietnam FTA would go beyond the TPP in lowering tariff and nontariff barriers and in creating conditions in Vietnam conducive to American business and American investment. The growth

rate of US exports to Vietnam could exceed that forecast under the TPP.<sup>133</sup>

A decision to pursue consecutive Japanese, Philippine, and Vietnamese FTAs may not mark an especially ambitious trade agenda for Southeast Asia in particular, but it has potential. A successful US-Philippines or US-Vietnam FTA should encourage the region's other (potential) economic dynamo, Indonesia—which had previously expressed interest in the TPP (although with some trepidation)—to reform and further open its own economy. Malaysia (already a CPTPP member) and Thailand might follow suit. A web of high-standard bilateral FTAs or, better yet, as Scissors and Blumenthal suggest, the evolution of the US-Japan deal into a regional FTA could lead to greater prosperity at home and in Asia and shore up America's strategic footing in the region.

## Multilateral Efforts

The Trump administration has expressed wariness toward international organizations and foreign aid. As such, the White House may be less amenable to the following recommendations, which could be costly and for which there may not be short-term payoff, at least in terms of American jobs and American exports. Even so, if the United States wants to shore up its staying power in Southeast Asia, compete with China's growing influence, and ensure that American businesses can take advantage of opportunities in the region, the following suggestions may prove themselves attractive.

At the Sunnylands Summit with ASEAN leaders in February 2016, President Obama announced a new initiative: US-ASEAN Connect. The US-ASEAN Connect website describes the initiative as “a new strategic, unifying framework to deepen the United States' growing economic cooperation with ASEAN.”<sup>134</sup> Built around four pillars—Business Connect, Energy Connect, Innovation Connect, and Policy Connect—the program seeks to “support regional integration efforts of the new ASEAN Economic Community and build upon the positive economic ties between the US and ASEAN.”<sup>135</sup>

President Trump should expand this program. Energy Connect is an obvious place to start. As currently defined, Energy Connect “helps develop ASEAN's power sector using sustainable, efficient, and innovative technologies.” The initiative's kick-off project is USAID Clean Power Asia, which seeks to “increase the supply of grid-connected renewable energy.”<sup>136</sup> This is a laudable effort, but this pillar should not be solely focused on sustainable energy.

The International Energy Agency reported in 2015 that the region needs an “annual average of almost \$100 billion” of infrastructure investment out to 2040 if Southeast Asia is to meet its energy needs. Over this time frame, Southeast Asia will flip from a net gas exporter (54 billion cubic meters in 2013) to a net importer (10 billion cubic meters by 2040). These trends mark opportunities for American businesses.<sup>137</sup>

As energy priorities in Southeast Asia, the United States should support efforts to better integrate the region's power networks and should seek an expansion of reliable and affordable energy to the 120 million Southeast Asians that still live without electricity and the 276 million that continue to rely on solid fuels for cooking. Pursuing these goals would earn goodwill for the United States in the region while also contributing to the development of future markets for American goods and services.

Through US-ASEAN Connect, the United States can educate local policymakers on the regulatory environment that would be most conducive to US private-sector investment in infrastructure projects while facilitating exchanges between US gas exporters and regional energy companies. To take full advantage of energy trends in Southeast Asia, the United States will also have to make reforms at home, easing the export of American gas and providing export licenses as a matter of course. Denials of such licenses should be rare exceptions.

Finally, the United States should pursue membership in the Asian Infrastructure Investment Bank (AIIB). Across Southeast Asia, Washington's prior approach to the AIIB—not only its decision to stay out but also its efforts to prevent partners from joining—is viewed as a major and confounding misstep. The AIIB would have provided not only infrastructure

investment, of which Southeast Asia is in desperate need, but also an opportunity for the United States and China to work together constructively in a region in which they are increasingly at odds. Instead, the United States needlessly ceded leadership to China on the issue of infrastructure investment while failing to keep any of its allies (apart from Japan, which was uninterested in any case) from signing up. The American effort screamed of ineptitude and strategic impotence.

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## **Through US-ASEAN Connect, the United States can educate local policymakers on the regulatory environment that would be most conducive to US private-sector investment in infrastructure projects.**

American concerns about governance and best practices surely could have been addressed at the outset, and they still can be. Joining the AIIB would allow the United States and China to tamp down, at least at the margins, great-power competition in Southeast Asia, would win the United States more goodwill in the region, and would position Washington to deny China an entirely free hand in shaping the region's infrastructure in ways that do not accord with American strategic and economic interests.

President Trump, when he dispatched the National Security Council's Matt Pottinger to the Belt and Road

Forum in May 2017, already indicated that he does not, as a matter of course, oppose China's broader plans to invest in greater connectivity across Eurasia. Addressing the meeting attendees, Pottinger noted, "American companies have much to offer here. US firms can offer the best-value goods and services required over the life of a project. US firms have a long and successful track record in global infrastructure development, and are ready to participate in 'Belt and Road' projects."<sup>138</sup> The AIIB, of course, will be funding at least some of those projects. If American companies hope to participate, they will benefit from open, fair, and transparent bidding processes. Without a seat at the AIIB table, Washington will find it difficult to ensure such processes are in place. Ideally, over the longer term, AIIB projects should help open new markets for American companies, but that is far less likely to occur with the United States sitting on the sidelines.

President Obama whiffed badly in keeping the United States out of the AIIB and in futilely imploring US allies to keep their distance as well. In negotiating American entry now, President Trump can correct that mistake and show off his dealmaking prowess.

The United States should time its entry into the AIIB to coincide with an increased contribution to the Asian Development Bank (ADB) to avoid undercutting Japanese leadership in the Asian development space and to ensure that countries in the region have multiple routes to secure the investment that they need. If joining the AIIB turns out to be a non-starter for Congress due to the cost involved, working through the ADB will become even more important.

Broadly speaking, participating in the AIIB should be only one of the means by which the United States contributes to development in Southeast Asia. The ASEAN states are home to approximately 11 percent of the world's poor but receive only 4.7 percent of American economic assistance.<sup>139</sup> Expanding aid to Southeast Asia would align commitment of American resources with both need and American strategic ends.

Here, again, American allies can play an important role in advancing shared goals in Southeast Asia. In February 2018, for example, President Trump and Australian Prime Minister Malcolm Turnbull agreed

“to encourage best practices, spur investment, and develop policies to support high quality infrastructure in the United States, Australia, and third countries, in particular in the Indo-Pacific region.”<sup>140</sup> They also launched the Australia-US Strategic Partnership on Energy in the Indo-Pacific, which will prioritize:

Energy infrastructure development in the Indo-Pacific, including a focus on the developing world, that promotes regional integration; adheres to principles of good governance, respect for the interests of all stakeholders, and transparency in bidding and financing; and expands access to the global energy market.<sup>141</sup>

During Turnbull’s visit to Washington, the US Overseas Private Investment Corporation (OPIC) also signed a memorandum of understanding with Australia “to advanced United States–Australia support for high-quality infrastructure investment in the Indo-Pacific region and encourage reforms to improve regulations, transparency, and local capital markets.”<sup>142</sup>

Japan in particular has been an active, if relatively quiet, investor in infrastructure in the region. In 2015, Japan committed to a project it had been circling for several years, agreeing to take part, with Burma and Thailand, in developing the Dawei special economic zone (SEZ) along Burma’s Andaman Sea coastline. In 2017, the Burmese government asked the Japan International Cooperation Agency (JICA) to draft a master plan for development of the Dawei SEZ and the broader Tanintharyi Region. Japan has also considered investing in Ennore, an Indian port across the Bay of Bengal from Dawei, and JICA has provided development assistance to enhance infrastructure connectivity to the port, thus developing alternative industrial and shipping hubs along China’s maritime Silk Road.

More broadly, Japan and the ADB, which Japan leads, have long been investing in the East-West Economic Corridor, linking Vietnam to Burma through Laos and Thailand. Japan has also provided grant money to Cambodia for the building of a bridge spanning the Mekong River to Vietnam. In July 2015, Japanese Prime Minister Shinzo Abe “pledged 750 billion

yen (\$6.1 billion) in aid [to Mekong River nations], part of his plan to increase by 25 percent Japanese and ADB funding for infrastructure projects.”<sup>143</sup>

The Japan Bank for International Cooperation (JBIC) has also invested in the Challenger Emerging Market Fund LP and the CapAsia ASEAN Infrastructure III LP, which invest in infrastructure primarily in Asian emerging economies.

Nor is Japan working alone. In November 2017, the US OPIC chief executive officer signed memorandums of understanding with the leaders of JBIC and Nippon Export and Investment Insurance (NEXI). These memorandums of understanding established a “framework for cooperation between the agencies to bolster support for investment in emerging markets by mutually collaborating on projects that meet policy objectives and by coordinating business development efforts.”<sup>144</sup>

Tokyo is cooperating on infrastructure investment with other countries in the region as well. Following a November 2016 meeting, Abe and Indian Prime Minister Narendra Modi issued a joint statement in which:

They further stressed that improving connectivity between Asia and Africa, through realizing a free and open Indo-Pacific region, is vital to achieving prosperity of the entire region. They decided to seek synergy between India’s “Act East” Policy and Japan’s “Expanded Partnership for Quality Infrastructure.” . . . [T]hey also expressed their intention to work jointly and cooperatively with the international community to promote the development of industrial corridors and industrial network in Asia and Africa.<sup>145</sup>

The following May, the Research and Information System for Developing Countries (based in New Delhi), the Economic Research Institute for ASEAN and East Asia (Jakarta), and the Japan External Trade Organization’s Institute for Developing Economies released a vision document for the Asia Africa Growth Corridor (AAGC):

The AAGC would consist of four main components: development and cooperation projects, quality

infrastructure and institutional connectivity, capacity and skill enhancement and people-to-people partnerships. These four components are complementary to promote growth and all round development in both the continents. The AAGC will be instrumental in creating new production channels, expanding and deepening the existing value chains, ensure economic and technical cooperation for enhancing capacities, facilitate a greater flow of peoples between the two continents, and achieve sustainable growth over the longer term. The AAGC will be developed through quality infrastructure and complemented by digital and regulatory connectivity.<sup>146</sup>

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## Across the region, the United States should consider, in the near term, prioritizing good governance over democratization per se.

The AAGC envisions integrating Africa “with India, South Asia, Southeast Asia, East Asia and Oceania.” Although India and Japan have yet to commit resources to this effort, the prime ministers in September 2017 once again “welcomed the efforts to explore the development of industrial corridors and industrial network for the growth of Asia and Africa.”<sup>147</sup>

More recently, in February 2018, it was reported that the United States, Japan, Australia, and India have begun discussing the possible establishment of “a joint regional infrastructure scheme as an alternative to China’s multibillion-dollar Belt and Road Initiative.”<sup>148</sup> Talks are in the nascent stage, and should a quadrilateral initiative take shape, which is far from assured, it is unlikely to rival China’s Belt and Road Initiative in either scale or scope. Even so, such an

initiative would ensure that Beijing is not alone driving infrastructure development across the region and that Southeast Asians (and others) would perceive an America committed to their economic advancement.

### Resilient, Responsive, and Accountable Governance

Washington should match its commitment to encourage the region’s embrace of free markets and to support its economic development with a commitment to expand freedom in Southeast Asia. Democratization in the region has proceeded in fits and starts in recent decades. Apparent success stories like the Philippines and Indonesia continue to struggle with democratic consolidation and the internalization of liberal values, although democrats in Vietnam and Laos must look with envy on even those imperfect models. The 2010s have been a lost decade for democracy in Thailand, a former bright spot, while Malaysia may be in the early stages of a democratic renaissance. The challenge in advancing toward a freer future in Southeast Asia is, then, a diverse one; there is unlikely to be a one-size-fits-all American approach. This points to an ambitious long-term end state but more modest short-term goals.

Across the region, the United States should consider, in the near term, prioritizing good governance over democratization per se. With one or two exceptions, ASEAN states suffer from corruption and lack of effective rule of law. Improved governance would lead to stronger economies over the long term and, importantly, dampen the potential influence of Chinese dirty money. Tackling these issues will be tricky for the United States, as many of the elites that benefit from corruption will be those with whom Washington must work to deepen ties, but this is nonetheless an effort worth pursuing.

To ensure the buy in of regional governments—or at least to avoid rejection of US efforts at the outset—an indirect approach to tackling these issues may be best. To wit, tackling transnational crime should be a priority for US engagement with ASEAN as an institution. Doing so through ASEAN might dilute US effectiveness, but it would also soften the US footprint.

Stamping the ASEAN imprimatur on counter-crime efforts should serve to make them more acceptable to member states.

Moreover, a focus on these criminal activities, which all regional states have committed to tackling to some degree, can serve as a “bank shot” approach to reducing corruption and strengthening the rule of law. The region’s lesser democratic states, in particular, are less likely to be amenable to American programs focused on corruption, rule of law, or criminal justice reform—but, of course, it is not possible to effectively prevent and punish domestic or transnational crime without official accountability, integrity in governance, and professional police and jurists.

An emphasis on indirect approaches to improved governance should not be understood to mean that the United States should not prioritize democracy and human rights. It would be a mistake to simply drop them from the agenda, and there is no reason to do so. A Southeast Asia that is ultimately free and democratic is one that is very much in American interests. But so is a Southeast Asia that is home to governments free of undue foreign influence, resilient in the face of foreign meddling or economic downturns, and responsive and accountable to their people.

**The Philippines and Thailand: America’s Once and Future Democratic Allies?** In addition to working through ASEAN to enhance governance in Southeast Asia, the United States should also engage directly in bilateral settings at the highest levels to encourage forward progress. When it comes to US allies Thailand and the Philippines, Washington may find that quiet diplomacy is most effective in reining in the worst impulses of senior leaders, elected or otherwise. Public haranguing of friends, at least in these instances, has proved ineffective. Meanwhile, the long-standing alliances have fostered numerous, long-term relationships among politicians, officials, and military leaders on both sides, which offer numerous pathways to coax and cajole and, when appropriate and necessary, quietly threaten.

In the case of the Philippines, the United States may be best served by simply waiting out the presidency of Duterte and working to rein in his worst

impulses in the meantime. To be sure, the human rights abuses occurring on his watch are deeply concerning, as is the apparent targeting of political opponents with criminal investigations that are either unwarranted or driven by impure motives.

Philippine society itself, however, may force Duterte to moderate his antidrug campaign and other illiberal tendencies. Public opinion soured on the president in the summer of 2017 (his favorability rating dropped below 50 percent for the first time) in the wake of the unwarranted shooting of a teenager, Kian Lloyd Delos Santos, and the attempted cover-up by police forces, which led to large protests. The president’s favorability ratings bounced back in the following months, but not to their previous levels. Even so, there is some question as to how many police murders the Philippine population will be willing to stomach; unfortunately, it seems likely there will be more Kians in the future. Also, 61 percent of respondents disagreed with the president’s decision to extend martial law in Mindanao despite the conclusion of the Marawi siege. Recently, Duterte’s popularity descended to a record low, likely due to high inflation and his recent sniping at the Catholic Church.<sup>149</sup> Support for the president has often been high, but it is by no means ironclad.<sup>150</sup>

Although Duterte has suggested he would consider imposing nationwide martial law and has praised—and, by interring him in Manila’s Cemetery of Heroes, indeed glorified—former dictator Ferdinand Marcos, to the consternation of millions of Filipinos, he has not yet taken steps to suspend or significantly undermine Philippine democracy. The significant exception here is his administration’s growing attacks on the press. Duterte has referred to press freedom as a “privilege” rather than a right, and his government has taken legal action against unfriendly press outlets.<sup>151</sup> The United States should maintain strong ties to civil society, the AFP, and the legislature to guard against any further attacks on the country’s democratic underpinnings, but it should strive to maintain a positive working relationship with Duterte. Washington should be careful not to provide affirmation for the Philippine president—President Trump’s praise of the antidrug

campaign was unwise and unnecessary—but a working relationship in this case is likely to be more effective in influencing Duterte than would treating him as an outcast.

Thailand, America's other ally in Southeast Asia, presents a thornier conundrum. The US-Thai relationship has suffered since the 2006 coup that overthrew Thaksin Shinawatra and especially since the latest coup, when the military took control in 2014 and stubbornly clung to power.

Thailand has been an important security partner for the United States. "The strategic value of the alliance remains high," according to the Congressional Research Service:

U.S. access to Thailand's military facilities, particularly the strategically located and well-equipped Utapao airbase, is considered invaluable. Utapao has been suggested as a permanent Southeast Asian Humanitarian Assistance and Disaster Relief (HADR) hub. It can receive large aircraft (including C-17s and C-130s); it is close to a deep seaport; and it has infrastructure capable of handling command and control systems. The U.S. military used Utapao for refueling efforts during operations in Iraq and Afghanistan in the 2000s, as well as for multinational relief efforts after the 2004 Indian Ocean tsunami and April 2015 Nepal earthquake.<sup>152</sup>

The US-Thai alliance has also served as a platform for important training exercises. The annual Cobra Gold exercise is Asia's largest multilateral military exercise. Walter Lohman has described Cobra Gold as "an achievement that has proved useful for military missions, such as joint patrols of vital sea lanes, and noncombat missions, such as disaster relief following the 2004 Indian Ocean tsunami and the 2008 Cyclone Nargis in Burma."<sup>153</sup>

Unfortunately, the allies now lack a shared strategic outlook, thus reducing the impetus to overcome recent bilateral political hurdles. In particular, Thailand has a much more benign outlook on China's rise and on its activities in the South China Sea, and although suggestions that Bangkok would dump Washington for Beijing are certainly overstated at this

point in time, Thai elites hesitate to be drawn into what they see as a US effort to contain the kingdom's largest trade partner.

Ironically, in recent years, the United States was drawing closer to communist Vietnam, in which human rights are serially abused, while growing apart from a major Vietnam War ally, largely due to concerns over democratic backsliding. Expanding US access to Vietnamese facilities as described in the third chapter could eventually render access to Thai facilities somewhat redundant, further weakening the institutional support for the alliance in the United States.

That redundancy would grant the United States flexibility in a couple of ways. First, the United States should feel more confident to pressure the junta (or the pseudo-democratic government that follows, once much-delayed elections eventually do take place) on human rights concerns. Such pressure should focus on concrete, near-term objectives, such as stopping "reeducation" of regime critics.

Second, the United States should feel more comfortable adopting a patient approach in pushing a return to full democracy in Thailand. That should, of course, remain the goal. Indeed, a thriving democracy at the heart of continental Southeast Asia—sharing borders with Burma, Laos, Cambodia, and Malaysia, and with growing connectivity to China and Vietnam—is undoubtedly in American interests. At the same time, Thailand is in the midst of a decadelong political crisis, and, democracy or no, deep divisions between royalists and red shirts seem likely to persist.

The Thai people are lurching toward a new political arrangement. To ensure that arrangement is a democratic one, Washington should be careful not to push Bangkok into Beijing's open arms and should strive to maintain a difficult balancing act, supporting the democratic aspirations of the Thai people while remaining a security and economic partner of choice for the elites and armed forces. Improved bilateral ties under President Trump suggest American progress in this regard. Going forward, President Trump should consider restoring funding to previous levels for Thai participation in International Military Education and Training (IMET) programs, perhaps in a phased approach. While Washington is understandably

concerned about being seen as supporting the Thai military during its ongoing rule, IMET is a valuable tool for building personal relationships and influencing upcoming generations of Thai officers. A patient approach to Thailand's democratic backsliding may be appropriate, but that should not rule out proactive measures as well.

**Vietnam.** Of those countries most important to US interests in Southeast Asia, Vietnam likely poses the largest challenge when it comes to governance and human rights. Hanoi has proved stubbornly resistant to change, even as it has opened to the outside world and more deeply engaged with the West in recent decades. There are legitimate concerns that growing US-Vietnam security ties will lead to greater restraint on the part of American policymakers when it comes to voicing support for human rights and encouraging the country toward an eventual democratic transition.

While such is a risk, American policymakers would be mistaken to hew to such logic. Washington and Hanoi are drawing closer because of shared concerns over the nature of China's rise and resultant threats to their security interests. But it is Vietnamese, not American, sovereignty and territorial integrity that China is threatening. The partnership with Vietnam, moreover, is one of a number in which the United States is investing in Southeast Asia; on the other hand, even as Vietnam reaches out to Japan, Australia, and India, it can appeal to no other major power to realistically balance China.

In short, to ensure a favorable security environment—and to ensure that its economy keeps humming along—Hanoi needs Washington more than Washington needs Hanoi. This imbalance is unlikely to grant the United States as much leverage as Washington would like, but it should disabuse American leaders of the supposed necessity of downgrading values diplomacy in the burgeoning relationship with Vietnam.

Moreover, the story has not been all bad in Vietnam. There have been notable advances on religious freedom, due in no small part to US efforts, and the country's online life is far more freewheeling—and far less censored—than that of its communist neighbor

to the north. These suggest the future potential of a more open society in Vietnam, especially given current American leadership. In particular, Vice President Mike Pence apparently cares deeply about religious freedom. Vice presidential attention to the US-Vietnam relationship can only impart greater impetus to religious freedom improvements in Vietnam, with the potential for eventual follow-on effects elsewhere.

Vietnam's concern with cybersecurity—it is a major target of Chinese hacking—and its desire for American assistance give Washington an opportunity to aid Hanoi in developing cyber laws and capabilities that do not impinge on Vietnam's relatively free and open internet. That openness will be key if the Vietnamese people are going to ultimately push for more responsive and accountable government. Meanwhile, Washington should not be shy in using the bully pulpit to speak out on behalf of those Vietnamese detained for exercising their inherent right to free speech, whether online or elsewhere.

**Burma.** On the human rights front, Burma is perhaps America's most pressing concern. For a time, Burma looked like a great success story for the United States. The reform process and opening of relations with the United States certainly amounted to a strategic setback for China's position in Southeast Asia. With Burma internationally isolated for much of the past three decades, Beijing invested heavily in that country's leadership. China sought access to natural resources, political influence, and a strategic maritime position in the Bay of Bengal. Burma's reform process put all three in doubt.

With the National League for Democracy (NLD) in power in Naypyidaw, it appeared China would not be able to rely on Burma as an automatic ally. To be sure, Aung San Suu Kyi has had no interest in antagonizing China—which shares a border with Burma and is a major source of foreign investment—but nor, it seemed, could she afford to alienate the United States or India. If full democratization were her goal, there would be no foreign partner more important than Washington for achieving it.

Now, that is all in doubt. The ongoing ethnic

cleansing of the Rohingya in Rakhine State has shown beyond a doubt that the Burmese military can do as it pleases when it pleases. Suu Kyi is in a difficult position given the power granted to the Burmese military in the constitution, but she has taken few if any steps that suggest she finds the Tatmadaw's actions problematic or wants to bring them to an end. Her government, moreover, has yet to cast aside draconian laws from the country's junta era. In short, Suu Kyi may not be the liberal reformer many believed her to be.

Put simply, the challenges in Burma are threefold: the constitutional powers granted the Tatmadaw, Suu Kyi's apparent disinterest in further liberalization, and a virulent Buddhist-Bamar nationalism that has cowed Burma's civilian leadership. Overcoming these challenges to ensure that Burma's democratization begins to progress once again is a complicated task.

To begin, the United States should halt all activities with the Tatmadaw, except for human rights exchanges and, perhaps, civil affairs training. The US military should not be complicit in the Tatmadaw's ethnic cleansing campaign; intentional or not, engaging with the Tatmadaw despite its horrid crimes normalizes a military that should be seen as an international pariah. Despite Chinese and Russian interference, Washington should continue to pursue a UN Security Council resolution condemning the violence; ideally, such a resolution would impose an arms embargo on Burma until the Tatmadaw ceases to target civilians, not only in Rakhine but also across the country, and international monitors are permitted entry to northern Rakhine. Chinese and Russian intransigence should be met with a "naming and shaming" campaign.

Despite the disappointment in Suu Kyi's tenure to date, Washington should continue to robustly engage with her and the NLD government more broadly. Several senior American politicians, policymakers, and activists have long-standing relationships with Suu Kyi, which provide opportunities to directly influence her thinking. Washington should also have carrots ready to offer if the NLD government moves, for example, to repeal or at least reform the draconian Official Secrets Act, under which officials have continued to imprison journalists for doing their jobs, as

well as the Peaceful Assembly and Peaceful Procession Act and the Telecommunications Law. According to the Assistance Association for Political Prisoners (Burma), 36 individuals are still serving prison sentences for political crimes, with 57 more awaiting trial from inside prison and 169 awaiting trial from outside prison.<sup>154</sup>

Playing the long game, US support for the development of civil society should continue as well. For example, the Project 2049 Institute's Burma Transition Initiative (BTI), funded by the State Department and the National Endowment for Democracy, is worthy of continued support. In cooperation with local partners, the BTI serves as a "platform to support former political prisoner rehabilitation and reintegration in Burmese society" and includes a "program to support Burmese-developed policy analysis, strategic policymaking and political coalition building among like-minded democratic actors." Specific activities have included the "first ever ethnic nationalities youth conference" and "funding for a local think tank to do federalism training for ethnic women leaders."<sup>155</sup>

Washington should support extant initiatives like the BTI and new ones as well. Such programs can aid the maturing of civil society, develop future leaders, combat nationalistic impulses, and inculcate in Burmese society—particularly among elites—an appreciation for democratic norms. If Burma is going to enjoy a freer future, the Burmese themselves will have to embrace democracy and agitate for a new or amended constitution. The United States can help ensure that they have the tools to do so.

**Other Countries of Concern.** Southeast Asian states differ in their openness to such programming, but the United States should continue to support and expand these initiatives wherever feasible. Uneven progress both within individual countries and across the region is to be expected, but shaping a peaceful Southeast Asia characterized by good governance and prospering societies is a long-term effort.

The countries discussed above are both particularly important to US interests *and* have pressing or significant long-term governance challenges requiring

attention. Washington must prioritize its resources, but enhancing governance should be a priority in its relationships with all Southeast Asian states.

As Southeast Asia's largest country and the world's largest Muslim-majority democracy, Indonesia is naturally of great importance to the United States. To Indonesians' great credit, however, democratic consolidation has continued to advance—unevenly, perhaps, but there has not been significant backsliding or risks thereof as in, respectively, Thailand and the Philippines. The United States is already active in supporting that consolidation, with USAID supporting “efforts to advance an inclusive, just, and accountable democracy that protects all citizens' rights, roots out corruption, and engages with an active civil society and media.”<sup>156</sup>

In 2013, USAID found that “poor service delivery along with a weak and deeply corrupt justice system constitute the most important governance challenges in Indonesia today.”<sup>157</sup> USAID designed its resulting country development cooperation strategy to focus on these weaknesses.<sup>158</sup> Indonesia is due for a new “democracy, human rights, and governance assessment,” which may highlight growing religious intolerance in the country. This year, the US Commission on International Religious Freedom (USCIRF) listed Indonesia as a Tier 2 country “for engaging in or tolerating religious freedom violations that meet at least one of the elements of the ‘systematic, ongoing, egregious’ standard for designation as a ‘country of particular concern’ . . . under the International Religious Freedom Act.” The USCIRF keep this to the “risk in manipulating religion for political gain” and “hardliner” groups that “although not mainstream . . . were able to influence political and societal debate and to commit acts of discrimination and violence, often in the name of religion, with near impunity.” The USCIRF also highlighted the difference between the central government and provincial and local governments in their approaches to “religious-based discrimination and violence.”<sup>159</sup>

The USCIRF recommends a number of carrots and sticks for the US government to wield in addressing these trends, including diplomatic pressure, use of the Global Magnitsky Human Rights Accountability

Act and similar tools, assistance in writing religious freedom legislation, and training for police and counterterrorism officials “to better address sectarian conflict, religion-related violence, and terrorism.”<sup>160</sup> As with Vietnam, engagement from Vice President Mike Pence—whose first official Asia trip included a stay in Jakarta—would be useful in advancing religious freedom in Indonesia.

The USCIRF has also labeled Malaysia a Tier 2 country.<sup>161</sup> Unlike Indonesia, however, Malaysia was effectively a one-party state until May 2018, when the opposition coalition won national elections for the first time since independence. Malaysia has a parliamentary system of government with regular elections and multiple parties, but the United Malays National Organization (UMNO) had been in power, along with its National Front coalition, since 1957. Opposition parties had performed well in recent years, which likely spurred a weakening of rule of law, freedom of the press, and civil rights more broadly as UMNO tried unsuccessfully to retain its grip on power.

Despite those challenges, however, the opposition emerged victorious in the most recent elections. A complicated confluence of developments likely explains that electoral success. Perhaps most notably, however, now former Prime Minister Najib Razak's involvement in a multibillion-dollar corruption scandal invigorated popular support for change in Kuala Lumpur. In an unexpected twist, moreover, long-serving former prime minister and Najib mentor Mahathir Mohamad—who cemented UMNO leadership during his 22 years in power—came to lead the opposition, aligning himself with imprisoned opposition leader Anwar Ibrahim. During the 1990s, Anwar served as Mahathir's deputy prime minister and was his likely successor, until disagreements during the Asian financial crisis led to Anwar's imprisonment on politically motivated charges. Anwar is now free and expected to become prime minister in due course.

The question now is whether Mahathir and the opposition coalition will introduce real change in how Malaysia is governed—whether the country's future will prove more democratic than its past. Over the past decade, US foreign assistance to Malaysia has

## Wanted: A Public Diplomacy Strategy for Southeast Asia

Broadly speaking, public diplomacy “is a term used to describe a government’s efforts to conduct foreign policy and promote national interests through direct outreach and communication with the population of a foreign country.”<sup>164</sup> According to the website of the Public Diplomacy Alumni Association, the United States Information Agency (USIA) defined the term thusly:

Public diplomacy seeks to promote the national interest and the national security of the United States through understanding, informing, and influencing foreign publics and broadening dialogue between American citizens and institutions and their counterparts abroad.<sup>165</sup>

Put another way, public diplomacy seeks to shape the human terrain in which traditional diplomacy operates, with the aim of enlisting foreign populations as allies in the pursuit of American goals.

During the Cold War, the USIA was responsible for public diplomacy. Unfortunately, this tool has not been prioritized or effectively used since the USIA was disbanded in 1999. Going forward, American policymakers should view it as a key instrument in carrying out the strategy described in the third and fourth chapters of this report.

Southeast Asia may provide a particularly receptive ground for public diplomacy efforts. Pew Research Center has conducted surveys in five Southeast Asian countries regarding views of the United States. In 2017, the last year for which data are

available, 48 percent of those surveyed in Indonesia had favorable views of the United States, a number that peaked at 63 percent during the Obama administration. In 2015, 54 percent of surveyed Malaysians had favorable views. Last year in the Philippines, 78 percent of respondents had favorable views, down from 92 percent in 2014 and 2015. In Thailand, 73 percent of respondents reported favorable views in 2014. In Vietnam, favorable views were at 84 percent in 2017.<sup>166</sup> In short, Southeast Asia is already relatively well disposed to the United States—or, at least, these five large Southeast Asian countries are.

Yet the region is also a prime target of China’s “three warfares”—legal warfare, media warfare, and psychological warfare—which Beijing uses to control and shape the environment in ways conducive to its own interests. Indeed, China is applying the three warfares alongside traditional diplomacy and economic and security policies to, in some respects, successfully bind Southeast Asia more closely to itself, weaken alliances and institutions that may oppose Beijing, undermine the desire of publics and elites to oppose Beijing, and undermine the confidence of elites and Southeast Asian militaries in their American partner.

A public diplomacy strategy for Southeast Asia is necessary if the United States is to neuter the three warfares’ effectiveness and successfully implement its broader approach to the region. Without such a strategy, the United States will have greater difficulty shaping a peaceful, prosperous, and strong Southeast Asia.

focused overwhelmingly on security assistance. Most years in that time frame have seen no US spending on democracy, human rights, and governance.

Domestic developments have been promising, of course, but that lack of emphasis was ill considered. Malaysia is strategically located and, in 2016, was the United States’ 16th-largest overall trade partner.<sup>162</sup>

Ensuring that it is a reliable partner for the United States or, at least, that it remains reliably independent of undue Chinese influence should be a goal for Washington. Civil society initiatives and the ASEAN-wide transnational crime programs described above may be useful here. Historically, Mahathir has not displayed much affinity for the United States, but as he

seeks to redefine his legacy in Malaysia, and as Anwar comes to the fore, Malaysia may be open to American assistance with democracy consolidation.

Mahathir is 92 years old, and Anwar is 70. Although the latter may remain a leading figure for another decade or more, the United States should also focus on providing young Malaysians with the tools they need for effective civil engagement so that they may, whatever their politics, effect positive change in the decades to come.

Indeed, the United States already has the means at its disposal to engage with younger Malaysians. In Malaysia, as elsewhere, the Young Southeast Asian Leaders Initiative (YSEALI), which the Obama administration launched in 2013, has the potential for long-term import. “Through a variety of programs and engagements, including U.S. educational and cultural exchanges, regional exchanges, and seed funding, YSEALI seeks to build the leadership capabilities of youth in the region, strengthen ties between the United States and Southeast Asia, and nurture an ASEAN community.”<sup>163</sup> In effect, with YSEALI, the

United States has an opportunity to train and make a positive impression on an entire generation of Southeast Asian leaders. It is a program worth sustaining and perhaps growing.

Besides in Malaysia, YSEALI is also a particularly promising tool for the United States to engage with Cambodia and Laos. In the former, Hun Sen has been remarkably effective in quashing civil society. Yes, Cambodia boasts a parliamentary system, but Hun Sen is an autocrat and has moved without subtlety to break the opposition; the main opposition party has been formally disbanded, and notable opposition figures have been arrested, have gone into exile, and have been murdered. Hun Sen’s seeming deep-seated disdain for the United States complicates American aid efforts in the democracy, human rights, and governance space. Those efforts are likewise limited in Laos, which is one of the world’s last remaining communist states. Expanding YSEALI participation from these countries would put the United States in better position to positively shape developments there over the longer term.

# V. Conclusion: Lessons from the Pacific War

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The Vietnam War was the last great conflagration in Southeast Asia. But it is perhaps worth looking back to World War II for a reminder of how events in the region can have global implications.

On March 17, 1942, Gen. Douglas MacArthur arrived in Australia, having made his escape from Corregidor in the Philippines a few days earlier. It was in Australia that he made his famous declaration: “I came through and I shall return.”<sup>167</sup> About a month beforehand, Singapore fell to Japan, an event Winston Churchill later described as “the worst disaster and largest capitulation in British military history.”<sup>168</sup> Just four days later, on February 19, 1942, Japanese aircraft would launch a raid on Darwin, Australia, with bombers flying off aircraft carriers and from airfields on Ambon and Celebes and from islands in the Dutch East Indies (modern-day Indonesia), which Japanese forces had conquered since the attack on Pearl Harbor.

Except for Vietnam, which Vichy France continued to nominally administer but which hosted Japanese troops, Southeast Asia was, until December 7, 1941, a preserve of Western power in the East. Barely two months later, it would be a playground for the Japanese military.

The fall of Singapore mattered for several reasons. Although the capture of Java and Sumatra were yet to come, British capitulation in Malaya signaled the (ultimately temporary) success of Japan’s “southern strategy.” Tokyo now had access to the region’s abundant natural resources, with which it could feed the Japanese war machine. Meanwhile, the British war effort in Europe was deprived of those very same resources.

Moreover, in capturing Singapore and, one month later, Java and Sumatra, Japan took hold of the main

gateways to the Indian Ocean. The Imperial Japanese Navy (IJN) was soon raiding shipping in the Indian Ocean and Bay of Bengal. Japanese carriers resupplying at Staring Bay in Celebes (modern-day Sulawesi) launched the raid on Darwin in February 1942 and another on Christmas Island, in the Indian Ocean, in March. In April, the IJN attacked Colombo and Trincomalee Harbor on Ceylon (modern-day Sri Lanka), sinking the aircraft carrier HMS *Hermes*, among other British and Australian vessels. Tokyo may have failed to meaningfully diminish British sea power in the Indian Ocean, but it did deny the Royal Navy outright control of those waters.

Third, although the British, French, and Dutch would return to the region following the war’s conclusion, the fall of Singapore marked the biggest, although not the last, nail in the coffin of colonialism in Asia. As Lee Kuan Yew wrote in his memoirs:

My colleagues and I are of that generation of young men who went through World War II and the Japanese Occupation and emerged determined that no one—neither the Japanese nor the British—had the right to push and kick us around. We are determined that we can govern ourselves and bring up our children in a country where we can be proud to be self-respecting people.

When the war came to an end in 1945, there was never a chance of the old type of British colonial systems ever being restored. The scales had fallen from our eyes and we saw for ourselves that the local people could run the country.<sup>169</sup>

The Japanese sweep through Southeast Asia gave new life to independence movements that returning

colonial masters would not be able to suppress. The geopolitical consequences of this epochal shift remain evident to this day.

From its dominant position in Southeast Asia and the South Pacific, Japan sought to keep the Western powers out of East Asian seas and neutralize Australia as a base of allied operations and as a power in its own right. The Darwin bombing remains to this day the largest foreign attack on Australian soil and was the first of approximately 100 Japanese air raids on northern Australia in 1942 and 1943.

Australia's unique status as a continent nation has afforded it great security. But while surrounding oceans provide Australia with strategic depth, they also can act as freeways for aggressors should sea control fall to an unfriendly power. Darwin is approximately 3,400 miles from Tokyo. Once Japan launched its campaign of conquest, however, it essentially erased that distance.

What bearing do the Pacific War's darkest days have on Asia today? The invasions of the Philippines and Dutch East Indies and the Malaya Campaign, which culminated in the fall of Singapore, are unfortunate illustrations of Southeast Asia's geostrategic importance. Of course, during World War II, London's primary concern was the Western Front. Washington's efforts were similarly focused on Europe and the Western Pacific. Unlike in Europe, however, Britain actually lost sovereign territory in Southeast Asia. It was in Southeast Asia that Japan acquired the resources it needed to fight a land war in China and a naval one in the Pacific. Japan also secured the positioning it needed to project power into the Indian Ocean and repeatedly bomb Australia, raising fears of invasion. Meanwhile, the Burma Campaign spanned nearly the entirety of the Pacific War and was fought to reoccupy Burma and open a supply line to Chinese forces fighting the Japanese. The campaign resulted in some 200,000 allied casualties—primarily British and Chinese but also including more than 3,000 Americans.<sup>170</sup>

Southeast Asia may not have been at the center of the fight, but it was no strategic sideshow. Simply put, the region was important due to the sea lanes that pass through it, its proximity to and abutment of

India and China, and the resources to which it plays host. This is all essentially true today as well. As I described in the first chapter, the sea lines of communication that stretch through Southeast Asian waters are key shipping conduits in the global economy; they are likewise key routes through which the United States, China, India, Japan, and others project military power. The region acts as a buffer—or link—between China and India, as well as a buffer between Australia and Asia's major powers. Southeast Asian waters can provide strategic depth to the littoral states that control them or invasion routes for those that do not. Lastly, the region is rich in resources—and, today, hosts large and growing markets—on which both Southeast Asians and others rely for their economic well-being. These features will continue to shape the approach of external powers to Southeast Asia in the 21st century.

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## **To defend its interests there—and, indeed, in the broader Indo-Pacific region—the United States requires a comprehensive strategy for Southeast Asia.**

Given these enduring truths, the United States and its allies have an interest in the security and stability of Southeast Asian states. Indeed, one could argue that Australia's security is intimately tied to that of its neighbors. Australia today may take comfort in its distance from China—it is approximately 2,600 miles from Darwin to the Chinese naval base at Sanya—but China is already narrowing that expanse. Mischief Reef is 800 miles closer. Should China begin conducting anti-piracy patrols

in the Sulu Sea, as Duterte suggested in early 2017, that could regularly bring Chinese forces 400 miles closer still.<sup>171</sup> Unlike imperial Japan, China need not conquer territory outright to extend its reach into and beyond Southeast Asia.

The contest for influence in the subregion need not necessarily be a zero-sum game, but it is a game that the United States can lose. To be sure, to ignore the region is not to invite a modern-day conquest of Singapore by a neo-imperial Chinese army, but it could very well lead to tipping the regional balance in China's favor.

To defend its interests there—and, indeed, in the broader Indo-Pacific region—the United States requires a comprehensive strategy for Southeast Asia as outlined in the preceding chapters. This strategy, with security, economic, and governance pillars, is intended to shape, over time, a Southeast Asia that is at peace with itself and its neighbors; characterized by states that are strong, independent, and prosperous; and home to governments that are resilient, responsive, and accountable.

Should the United States succeed in this endeavor, it will ensure a regional balance of power favorable to the United States and its friends and allies, shore up the liberal international order, deepen prosperity at home and in Southeast Asia, and advance freedom in the region.

In the years leading up to Pearl Harbor, the United States under-resourced its defensive position in the Pacific, making the Philippines a juicy target for the Japanese empire. The United States lost not only men and materiel—and suffered a national embarrassment—but also its forward operating base in Asia, which severely complicated its ability to shape events in the region, project power, and defend the sea lines of communication. MacArthur, simply put, had to return. On October 20, 1944, he landed on Leyte. Between then and the war's end, the US Army and Navy incurred some 80,000 casualties in their campaign to retake the Philippines.

Events in Southeast Asia can have broader regional and even global consequences. The United States ignores them at its peril.<sup>172</sup>

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any nation or alliance to threaten the security of the United States from that area. d. Insofar as practicable, securing for the United States and the rest of the free world, and denying to the communist world, the availability through mutually advantageous arrangements, of the material resources of the Asian area.”

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# About the Author

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**Michael Mazza** is a visiting fellow in foreign and defense policy studies at the American Enterprise Institute, where he analyzes the geopolitics of Southeast Asia, US defense policy in the Asia-Pacific region, US-China relations, cross-Taiwan Strait relations, and Korean Peninsula security.

Mazza has contributed to numerous AEI studies on American grand strategy in Asia, US defense strategy in the Asia-Pacific, Taiwanese defense strategy, and Japanese critical resource security, and his

published work includes pieces in the *Wall Street Journal Asia*, *Los Angeles Times*, and *American Interest*. Mazza was recognized as a 2010–11 Foreign Policy Initiative Future Leader.

Mazza has an M.A. in international relations from the Johns Hopkins University Paul H. Nitze School of Advanced International Studies and a B.A. in history from Cornell University. He has lived in China, where he attended the Inter-University Program for Chinese Language Studies at Tsinghua University in Beijing.

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