This chapter examines the major strategic goals, interests, and policies being pursued by Washington and Beijing—the two major Great Power rivals in the Indo-Pacific region. It highlights the divergence of strategic interests between America’s “Free and Open Indo-Pacific” vision and China’s “community of common interest” framework. This divergence and the strategic importance of each country’s regional interests make the Indo-Pacific region the most hotly contested geopolitical space at the dawn of the 2020s. An analysis of U.S. and Chinese critical power tools for attaining strategic outcomes finds a mix of relative advantages. China has clear advantage in economic leverage across the region and has developed some meaningful advantage in military tools necessary for success in conflict within the First Island Chain. On the other hand, the United States continues to possess demonstrable advantages in alliance diplomacy, ideological resonance, informational appeal, and broad military capabilities. Despite great and growing regional tensions, there are opportunities for collaboration between the Great Power competitors so long as both accept relative power limitations and rejuvenated American regional leadership provides a clear signal to Beijing that accommodating a continuing U.S. presence is a better choice than stoking conflict.
that immediately followed the Cold War, examining how these relations set the conditions for significant strategic changes that began after 2008. The chapter then evaluates Chinese strategy and interests in the Indo-Pacific region since 2009, followed by the evolution of American strategic aims over the 2010s. The Sino-American competition for relative power across the Indo-Pacific region is then evaluated in the five categories of interstate competition established in table 2.2: political and diplomatic, ideological, informational, military, and economic. The differential power resources held by Washington and Beijing in these respective categories are assessed for 2020 and projected for at least the next half-decade. The unique case of Taiwan is considered in light of its special resonance to the regional rivalry.

The chapter establishes that each side pursues strategic goals that display historic continuity: The United States pursues unfettered economic and diplomatic access to the region with a preference toward open communications and human liberties, while China seeks domestic stability and to assert its sovereignty over long-contested geographic spaces with state-led management. While major aims have remained consistent, the power differential between Washington and Beijing has changed over the past 20 years. It has moved in Beijing’s favor in terms of economic influence and selected measures of conventional military power, most notably in areas near China. At the same time, American relative power advantages remain strong in the diplomatic, ideological, and informational categories and the political-military aspects of defense competition. For America to compete effectively in the Indo-Pacific region now and into the near-term future, it must better leverage its advantages by strengthening existing alliances and security partnerships while actively promoting an attractive alternative vision for regional development. At the same time, it must parry Chinese efforts at economic diplomacy and military coercion to undercut the political foundations of U.S. alliances and American regional presence.

America’s engagement with Asia began before the United States existed. In February 1784, the ship Empress of China departed New York harbor, arriving in Macau in August of that year. During the 20th century, Washington pursued Open Door trading rights in China, fought a war with Japan to sustain maritime access and commercial rights, and then developed a robust economic and security framework toward the region consistent with an array of American national interests. The common principle underlying various American policy approaches to the Western Pacific and Asia has been the concept of “access”—that is, economic access to the markets of the region to pursue U.S. commercial interests, strategic and physical access to allies to ensure confidence in U.S. security commitments, and political access to allow for the promotion of democracy and human rights.

Since the end of World War II, the United States has not only championed the evolution of a postwar liberal, open, rules-based international economic order allowing for the free flow of commerce and capital but also promoted efforts to support international stability and the peaceful resolution of disputes. These global commitments applied firmly in America’s post–Cold War approach to the Indo-Pacific and contributed significantly to the stability and prosperity of the region. To do so, the United States relied on military primacy expressed through an informal “hub and spoke” alliance structure. With Washington as the hub, American security treaties with Japan, the Republic of Korea (ROK), Australia,
the Philippines, and Thailand connected as spokes and served as the arrangement that Washington used to protect and advance its Asian and Pacific security interests.3

At the end of the Cold War in 1992, the United States was poised to enter what many pundits had dubbed the “Asian century.” Although post–Cold War America had urgent imperatives to consolidate the gains from newly liberated former Soviet bloc states and assist with the safe denuclearization of thousands of Soviet strategic weapons, Washington took strong steps to expand its economic competitiveness and influence in the dynamic Far East. Globally, and especially in Asia and the Pacific, the United States pursued a strategy of engagement (remaining active and connected globally) and enlargement (expanding the reach and strength of liberal political and economic rules and norms).4 In a September 1993 address, President Bill Clinton explained that the “successor to a doctrine of containment must be a strategy of . . . enlargement of the world’s free community of market democracies.”5 China was a key part of America’s approach there.

As detailed in chapter 3a, Beijing started its own economic metamorphosis from a command economy into a market-based one in 1978. A reforming China was a key beneficiary of American policies. Despite a lingering wariness after the 1989 Tiananmen Square crackdown by Chinese Communist Party (CCP) leadership security forces against human rights and democracy protestors, American leadership across the political spectrum converged during the mid-1990s around the view that including China in global institutions and supporting Chinese market reforms offered the best chance that China would rise peacefully and become a responsible global economic power and stakeholder within the existing order. Many Americans were optimistic that a rising Chinese middle class would demand a direct political voice and challenge CCP authoritarian rule.6 Washington opened American markets to Chinese goods, encouraged China’s introduction into regional supply chains, allowed the transfer of advanced civilian technologies, paved Beijing’s way into the World Trade Organization in 2001, and encouraged Beijing to become more engaged and influential in both regional and global diplomacy.7 Washington believed its support helped produce explosive growth of Chinese foreign trade from about $20 billion in the late 1970s to $475 billion in 2000.8

Between 1992 and 2008, American companies turned toward China to access its rapidly growing market and to use cheap Chinese labor to lower production costs.9 In 1993, the World Bank and International Monetary Fund published projections that China was on the verge of replacing Japan as the world’s second largest economy.10

At the same time, Washington’s alliance with Japan evolved into a genuine strategic partnership. Tensions over the trade imbalances that bedeviled Tokyo and Washington during the 1980s subsided as Japan entered a lengthy economic stagnation, bilateral voluntary trade restraints took hold, and Japanese production shifted to the Asian mainland. Despite a period of worry in Tokyo, numerous shared interests and similar democratic values enhanced the political and military cohesion of the alliance. Japan provided the military

“I would argue that both the domestic dynamics and each country’s increasingly gloomy assessment of the other’s true intentions against the backdrop of China’s rise help explain the current state of affairs.”

bases and other logistical support that undergirded America’s regional military dominance and helped maintain regional stability conducive to U.S. strategic interests. Common democratic values reinforced U.S.-Japan relations, making the bilateral commitment more than a mere strategic expediency. Public opinion polls throughout the 1990s and 2000s demonstrated an American-Japanese popular consensus that the alliance and common values mattered a great deal to their bilateral relationship and were elements missing in the two countries’ relations with China.¹¹

During the early post–Cold War period, the United States tried to manage a sullen, stagnant North Korea (simultaneously pursuing deterrence and diplomacy to try to eliminate the North’s nuclear program); maintain stability in the tense relations between China and Taiwan; foster greater Asia-Pacific multilateral economic, political, and security cooperation; and integrate China into regional and global economic and security regimes. These ambitions progressed in fits and starts. While regional economic integration got a boost from China’s rapid growth and openness to foreign investment, Beijing’s assimilation into the World Trade Organization fell short of obligations and Western expectations. The Clinton administration responded to the 1995–1996 Taiwan Strait security crisis with an effort to build a partnership with China, including limited military-to-military cooperation. The incoming Bush administration took a more skeptical view of China’s military potential, and the accidental collision of a Chinese navy fighter and a U.S. reconnaissance plane on April 1, 2001, produced a tense diplomatic standoff and a freeze in Sino-American military contacts.

The terrorist attacks on the United States in September 2001 detoured U.S. attention from the “Asian century” to the Middle East for the better part of a decade. After 9/11, the U.S. Government engaged Asian states for support in the war on terror and instability in the Middle East and South Asia.¹² It also leveraged its strategic relationships with Japan and South Korea to move equipment and materiel into American-led counterterrorism activities in Afghanistan and Iraq. Both contributed money and personnel to the counterterrorism missions. When America did engage with China in the aftermath of 9/11, it was to appeal for China to help deal with North Korea’s nuclear weapons program and to serve as a “responsible stakeholder” in the U.S.-led international system. Chinese responsiveness remained tepid. While China was restrained in employing force, its military modernization accelerated, supported by large increases in defense budgets that raised concerns across the region. The 2007 announcement of an 18 percent increase in military spending led Vice President Dick Cheney to state, “A China military buildup is not consistent with the country’s stated goal of a ‘peaceful rise.’”¹³

Months earlier, America’s main regional ally, Japan, publicly announced its worries over China’s growing strategic challenge. In a major speech, “The Arc of Freedom and Prosperity,” Japanese Foreign Minister Taro Aso established a framework of policies to structure East Asia marked by “value oriented diplomacy,” based on “universal values” such as democracy, freedom, human rights, the rule of law, and a true market economy.¹⁴ Then Japanese Prime Minister Shinzo Abe in August 2007 addressed the Indian parliament and called for a “Confluence of the Two Seas” running from Japan to India where shared fundamental values such as freedom, democracy, and respect for basic human rights were honored.¹⁵

These Japanese statements—and the effort to engage India—were seen as efforts to alert a
distracted America and the rest of the world that China's rise had the potential to undercut liberal values at the regional and international levels.

**China's Regional Vision and Activities: 1992–2008**

For China, the Indo-Pacific is the most important region of the world in economic, security, and political terms. This was true during the Cold War and especially after, when China became more actively and deeply engaged with neighboring countries.

In the economic realm, the region serves as a source of raw materials; as a supplier of components, technology, and management expertise for production networks operating in China; and as a market for finished Chinese products. During the 1990s, China's increasing role in world trade and expectations of future growth made it an attractive market and gave Beijing leverage in dealing with nearby Asian and Pacific trading partners and enabled negotiation of regional and bilateral free trade agreements (FTAs). China worked to persuade Asian countries that they would share in the benefits of its rapid growth, while simultaneously advancing its own interests through commercial diplomacy. *Win-win* and *mutual benefit* became the watchwords of China's economic diplomacy.

Geography makes the Indo-Pacific region critically important to China from a security perspective. China shares land borders with 14 East Asian, South Asian, and Central Asian countries. Chinese leaders worry that neighboring countries could serve as bases for subversion or for military efforts to contain China. This is of particular concern because much of China's ethnic minority population, which Chinese leaders view as a potential separatist threat, lives in sparsely populated border regions such as Xinjiang and Tibet. Chinese concerns about threats posed by “terrorism, separatism, and religious extremism” have prompted increased efforts at security cooperation with its Central and South Asian neighbors.

China's unresolved territorial claims all are in Asia, including claims to the Spratly and Paracel islands in the South China Sea, the Diaoyu/Senkaku Islands, a disputed maritime boundary with Japan in the East China Sea, a 1,600-mile-long disputed land border with India, and China's self-described “core interest” in unification with Taiwan. China also worries about the possibility of encirclement and threats from conventional military forces based on its periphery. Chinese strategists have been highly sensitive to U.S. regional alliances and partnerships that might someday be turned against China.

Beijing also views Asia as politically critical. Its preference is for a stable environment that permits rapid Chinese economic growth to continue and supports increased Chinese regional influence. Chinese officials and analysts acknowledge that the U.S. role in supporting regional stability and protecting sea lines of communication has made a significant contribution to regional stability and supported Chinese interests. Beijing opposes alliances in principle but has tolerated them so long as they are not aimed toward China and help constrain Japanese militarization. The potential for U.S. power and alliances to be turned against China makes Chinese analysts uneasy, especially as changes in the U.S.-Japan alliance now appear to be empowering Japan rather than restraining it. China disclaims any desire to dominate Asia, declaring that it will never seek hegemony and talking about cooperation on the basis of equality, mutual respect, and noninterference in the internal affairs of other nations. But Chinese elites also appear to expect that
weaker countries will defer to Chinese wishes as the country grows more powerful.\textsuperscript{16}

Aggressive Chinese behavior toward Taiwan and in the South China Sea from 1994 to 1996 created regional alarm about a “China threat.” In late 1994, Beijing seized and then fortified a small shoal, Mischief Reef, claimed by the Philippines. This event highlighted China’s controversial “nine dash line” claims to sovereignty over the land features and most of the waters in the South China Sea, including a number of features claimed and occupied by other countries (see figure 9.1).

In late 1995 and in March 1996, China used military exercises (including firing ballistic missiles into waters near Taiwan) to express its concerns about the Taiwan independence movement and its displeasure at a U.S. decision to permit Taiwan president Lee Teng-hui to visit the United States. Washington responded to Chinese attempts to intimidate Taiwan before its elections by deploying two carrier strike groups to nearby waters. These actions prompted numerous articles and books highlighting China’s military modernization and growing nationalism and asking whether China posed a threat to the Asia-Pacific region.\textsuperscript{17} More restrained Chinese behavior and assurance measures adopted from 1997 to 2008 helped ease some regional concerns.\textsuperscript{18} During this period, many Asian views shifted from regarding China as a potential threat to regarding China as an opportunity.\textsuperscript{19} However, as noted earlier, Japan did not join in this view and instead introduced a policy vision between 2006 and 2007 for a future in Asia that challenged preferred Chinese outcomes.

The growth of Chinese military power in the mid-2000s was driven partly by the military’s desire to convert China’s economic strength into military power and partly by CCP leadership concerns about vulnerability to unconstrained U.S. power. China observed and then participated in bilateral and multilateral military exercises with neighboring countries as a confidence-building measure and an opportunity for Asian militaries to interact with the People’s Liberation Army (PLA). As observed in chapter 3a, the 2008 global financial crisis—which produced a prolonged U.S. recession even as China’s economy returned to its rapid growth trajectory—led many Chinese analysts to see an acceleration of U.S. rel-

\textbf{Figure 9.1. China’s Nine-Dash Line (in green) in the South China Sea}

\textit{Source: South China Sea (Islands), Perry-Castañeda Map Collection (Central Intelligence Agency, 1988)}
ative economic decline as a sign of growing multipolarity that created new opportunities for China. Although Chinese leaders sought to avoid a direct clash with Washington, they accelerated efforts to expand China’s regional presence and influence. China also began to adopt a more assertive approach to its maritime territorial claims in the South China and East China seas. These developments set the stage for increased regional tensions and a negative turn in U.S.-China regional relations.

**China and America in the Indo-Pacific Region: 2009 and Beyond**

America’s counterterrorism entanglements in the Middle East and South Asia did not change the underlying view in Washington that the center of gravity for American interests was in Asia. As the world crawled out from under the Great Recession of 2008–2009, the Obama administration began with a series of Indo-Pacific speeches and policy initiatives to extend cooperation with China, India, and longtime U.S. regional allies and partners in a manner that would “uphold international norms and [respect] universal human rights.” As noted in chapter 3a, Beijing’s increased influence and military power reinforced a belief that the United States had entered an accelerated period of decline that presented China with an opportunity to set the agenda in U.S.-China relations and regional affairs. At the same time, Chinese leaders continued to worry about domestic vulnerabilities (as evidenced by ethnic unrest and violence in Tibet and Xinjiang in 2008) and concerns about possible U.S.-led subversion à la the colored revolutions that had overthrown Middle Eastern dictators and pro-Russian authoritarian leaders in the Ukraine and Kyrgyzstan. Xi Jinping was part of the CCP collective leadership that charted a more assertive regional policy, a trend that would intensify once he became the CCP general secretary in November 2012. The conditions for a dramatic change in the tone of U.S.-Chinese relations had been set.

**China’s Geostrategic Aims and Trajectory**

Beginning in 2009, a more assertive Chinese posture emerged on a wide range of bilateral, regional, and global issues. Within the space of 18 months, Chinese diplomatic bullying, assertive military and paramilitary actions, and disregard for foreign reactions undid many of the gains from Beijing’s decade-long charm offensive in the Indo-Pacific region. In particular, the means used to advance Chinese maritime sovereignty claims in the South China Sea and East China Sea—including harassment of U.S. military ships and aircraft operating legally in international waters or within China’s exclusive economic zone—did considerable damage to Beijing’s efforts to persuade others that China’s rise would be peaceful.

The shift in tone and substance of Chinese policy had both international and domestic causes. As noted in chapter 3a, when Chinese growth resumed, and the United States and Europe remained mired in the 2008–2009 recession, Chinese officials and analysts appear to have exaggerated the negative impact of financial problems on U.S. global leadership and mistakenly concluded that a fundamental shift in the global balance of power was under way. Chinese officials also appear to have misinterpreted Obama administration efforts to increase bilateral cooperation and expand China’s role in global institutions as a sign of U.S. weakness and an opportunity to press Washington for concessions. This assessment played into a nationalist mood in China, where many commentators argued that a more
powerful China should take a hard line on challenges to Chinese territorial claims and use its economic leverage to punish the United States for arms sales to Taiwan.  

Chinese officials and scholars denied that Beijing changed its foreign policy goals, expanded its territorial claims, or adopted a more assertive attitude toward maritime disputes. They argued that other countries, emboldened by U.S. support, had stepped up their challenges to China’s long-established territorial claims. The May 2009 deadline for submissions to the United Nations Convention on the Law of the Sea (UNCLOS) did spur many Asian countries (including China) to reinforce their claims to disputed islands and waters. Chinese officials and military officers argued that restraint in response to provocations was misinterpreted as weakness. Beijing employed economic coercion in some of the sovereignty disputes, including a temporary ban on exports of rare earth elements to Japan following the 2010 arrest of a Chinese fishing boat captain and import restrictions on Philippine bananas in 2012. China also took a tough line on military activities in its exclusive economic zone, acting to interfere with U.S. ships (including a March 2009 incident off Hainan Island when Chinese paramilitary vessels attempted to snag the towed sonar array of the USNS Impeccable).

During this period, Chinese policymakers talked about the need to maintain the proper balance between the competing goals of defending Chinese sovereignty [weiquan] and maintaining regional stability [weiwen]. But under President Xi, China began placing more emphasis on pursuing territorial claims and exhibiting less concern about the negative impact on relations with its neighbors and with the United States. Tactics to assert sovereignty include patrols by Chinese coast guard and naval forces, occupying land features, enforcement of fishing regulations in disputed waters, oil and natural gas exploration, harassment of military ships and aircraft operating in disputed areas, and use of legal means to press tendentious Chinese interpretations of international law.

In 2013, the year after Xi’s political ascension, China began land reclamation projects in the South China Sea on several low-tide elevations, geologic features that do not extend above water at high tide. China’s efforts at land reclamation were not unprecedented: Malaysia, the Philippines, Taiwan, and Vietnam have also engaged in such projects since the 1980s. In May 2014, China deployed an oil rig into waters near the Paracel Islands claimed by Hanoi, raising tensions and setting off collisions between Chinese and Vietnamese coast guard ships and virulent anti-Chinese demonstrations in Vietnam. By June 2015, China’s land reclamation projects totaled “more than 2,900 acres, or 17 times more land in 20 months than the other claimants combined over the past 40 years, accounting for approximately 95 percent of all reclaimed land in the Spratly Islands” (see figure 9.1).

In 2015, President Xi pledged that China would not “militarize” the artificial islands that it had constructed, but the commitment was vague. Soon China began to use the airfields and port facilities for both military and civilian purposes. China has never precisely specified the exact nature or the legal basis for its South China Sea maritime claims under international law. Beijing’s position is that “China has indisputable sovereignty over the Nansha islands and their adjacent waters,” with “sovereignty and relevant rights . . . formed over the long course of history and upheld by successive Chinese governments.” However, on July 12, 2016, the Permanent Court of Arbitration, in a case brought by the Philippines contesting Chinese claims in the South China Sea, ruled in favor of Manila.
and found that most of Beijing's claims—including to historic waters inside “the nine dash line”—had no basis under UNCLOS. China denied that the court had jurisdiction, did not participate in the hearings, and refused to accept the court's judgment.

While benefiting from a stable regional order underpinned by U.S. power and alliances, China gradually moved to form new regional institutions to advance its interests that mostly excluded the United States. Initial steps involved the Shanghai Cooperation Organization in 2005 and Chinese efforts to exclude the United States from the nascent plans for an East Asian Summit. Since 2013, new initiatives include the Asian Infrastructure Investment Bank, Belt and Road Initiative (BRI), Regional Comprehensive Economic Partnership, and reinvigoration of the Conference on Interaction and Confidence-Building Measures in Asia (CICA) as vehicles for Xi’s “Asia for Asians” security concept. In announcing the “Asia for Asians” concept at a 2014 CICA summit, Xi argued,

> Asia has come to a crucial stage in security cooperation where we need to . . . strive for new progress . . . to move from the 20th century with the outdated thinking from the age of the cold war and zero-sum game . . . to innovate our security concept to establish a new regional security cooperation architecture . . . that is shared by and win-win to all.\(^\text{30}\)

An accompanying Xinhua article characterized U.S. alliances as the “‘Achilles’ heel’ of and a major impediment to ‘a peaceful Asia.’”\(^\text{31}\) Themes blaming “outside powers” for stirring up trouble in the region have become a staple of Chinese propaganda and diplomatic messaging.

**America’s Geostrategic Aims and Trajectory**

As observed in chapter 3a, the American narrative on Sino-U.S. interactions is that the era of cooperative relations with China stumbled beginning in 2008, with efforts at cooperation gradually faltering and competitive aspects of relations coming to the fore with a de facto shift toward strategic competition in 2014/2015—one formalized by the United States in 2017/2018.

After taking office in January 2009 and despite an enormous American military footprint straddling South Asia and the Middle East, Obama administration officials proclaimed a U.S. “return to Asia.” In formally announcing the rebalance in a November 17, 2011, address to the Australian parliament, President Barack Obama argued that “Our new focus on this region reflects a fundamental truth—the United States has been, and always will be a Pacific nation. . . . Here we see the future.” The President noted that Asia is “the world's fastest growing region,” “home to more than half of the global economy,” and critical to “creating jobs and opportunity for the American people.” He described the rebalance as “a deliberate and strategic decision” to increase the priority placed on Asia in U.S. policy.\(^\text{32}\) Secretary of State Hillary Clinton elaborated on the rationale for the rebalance, arguing that “harnessing Asia’s growth and dynamism is central to American economic and strategic interests” and that the United States had an opportunity to help build “a more mature security and economic architecture to promote stability and prosperity.”\(^\text{33}\)
While the main objective of the rebalance was to bring American foreign policy commitments in line with the global distribution of U.S. strategic interests, it also responded to China’s increasingly assertive regional policies, especially in maritime territorial disputes. Countries across the Asia-Pacific region urged Washington to play a more active role in regional economic, diplomatic, and security affairs in order to demonstrate U.S. commitment and help maintain regional stability in the face of a more powerful and active China. One early U.S. response was at the May 2010 meeting of the Association of Southeast Asian Nations (ASEAN) Regional Forum, where the United States offered to assist countries in the peaceful resolution of concerns with China’s assertive maritime policies, noting that these posed a threat to freedom of navigation. China urged regional states to keep silent, and, when they spoke up, Chinese Foreign Minister Yang Jiechi walked out in protest, only to return the following day to remind ASEAN states that “China is a big country and other countries are small countries and that is just a fact.”

Obama administration officials stressed that the rebalance included diplomatic, economic, and military elements, coupled with efforts to build a more cooperative and stable Sino-U.S. relationship. The broad U.S. strategy of seeking to integrate China more fully within the existing global order, while discouraging any efforts to reshape that order by force or intimidation, remained in place. Washington sought to make the rebalance robust enough to reassure U.S. allies and partners of its capability and will to maintain a presence in Asia over the long term while not alarming Chinese leaders to the point where they abandoned bilateral cooperation. Nevertheless, the rebalance was widely viewed as evidence of increasing U.S.-China competition for regional influence.

From 2013 through 2015, Chinese assertiveness in maritime territorial disputes, increasing state intervention to support Chinese businesses at the expense of foreign competitors, and Xi’s centralization of power and tightening of political and information controls catalyzed American responses. In 2014 and into 2015, the Obama administration publicly stated that Article V of the Japan Security Treaty extended to the Senkaku Islands in the East China Sea, asserted freedom of navigation rights in the South China Sea, and conducted more frequent freedom of navigation operations to challenge illegitimate Chinese maritime claims. It openly condemned Chinese industrial espionage and intellectual property practices, and it reimagined a broad new Trans-Pacific Partnership (TPP) as a lever to reshape Chinese economic policies. U.S. policy toward both China and Russia chilled gradually during the second term of the Obama administration, with a public hardening increasingly evident during 2014 and 2015. This gradual hardening did not precipitate a formal rupture in U.S.-Sino relations, but it set the conditions for a new U.S. administration. The administration of President Donald Trump, elected in 2016 and inaugurated in January 2017, took the bilateral hardening to a new and official level.

The December 2017 U.S. National Security Strategy argued that a “geopolitical competition between free and repressive visions of world order is taking place in the Indo-Pacific region,” labeling China a “revisionist power.” That report was especially critical of China’s use of “economic inducements and penalties, influence operations, and military threats” to alter the regional order. A principal architect of the 2017 strategy, H.R. McMaster, later wrote that a careful study of history and experience teaches that the CCP will not liberalize internally and will not act abroad according to U.S.-led international rules. Instead, McMaster wrote,
China's goal is to replace the current international order with one led by the CCP. China will continue to engage in “economic aggression” and seek to exert control of “strategic geographic locations and establish exclusionary areas of primacy.” In other words, China's goal is to reduce, then eliminate, U.S. influence in the Indo-Pacific region. This assertion of hostile Chinese aims contrasted with the more equivocal tone on China's rise in Bush and Obama administration-era strategic documents. In May 2018, the U.S. military renamed its U.S. Pacific Command to U.S. Indo-Pacific Command (USINDOPACOM), symbolizing the growing importance of India in intensifying U.S. competition with China. The Defense Department’s June 2019 Indo-Pacific report likewise noted China’s “campaign of low-level coercion to assert control of disputed spaces in the region, particularly in the maritime domain.” In testimony before the Senate Armed Services Committee in February 2019, USINDOPACOM’s inaugural commander was even more direct in his dire assessment of the future threats posed by China to the United States and its partners in the Indo-Pacific region. He testified:

China represents our greatest long-term strategic threat to a Free and Open Indo-Pacific and to the United States. . . . Those who believe this is reflective of an intensifying competition between an established power in the United States, and a rising power in China, are not seeing the whole picture. . . . Rather, I believe we are facing something even more serious—a fundamental divergence in values that leads to two incompatible visions of the future. . . . Through fear and coercion, Beijing is working to expand its form of ideology in order to bend, break, and replace the existing rules-based international order. . . . In its place, Beijing seeks to create a new international order, one with “Chinese characteristics” and led by China—an outcome that displaces the stability and peace of the Indo-Pacific that has endured for over 70 years.

In November 2017, shortly before his administration released the 2017 National Security Strategy, President Trump announced a “free and open” Indo-Pacific (FOIP) vision at a summit of Asia-Pacific Economic Cooperation business leaders in Da Nang, Vietnam. In July 2018, U.S. Secretary of State Mike Pompeo explained that the core principles of U.S. FOIP are freedom from coercion, good governance, open access to seas and airways, and free and fair trade. The State Department’s November 2019 report on the U.S. Indo-Pacific FOIP vision stated that the Trump administration was implementing a “whole of government strategy” to defend these principles. The document noted that U.S. trade in the region topped $1.9 trillion in 2019, supporting more than 3 million American jobs.

Trump’s emerging Indo-Pacific economic policies placed firm emphasis on bilateral FTAs, in contrast to the Obama administration’s pursuit of the multilateral TPP, which was an immediate casualty of domestic politics and the new administration. In April 2018, a State Department official explained that this shift reflected the view that a multilateral deal would provide fewer benefits to “U.S. workers and U.S. businesses” than bilateral agreements. Another change has been greater emphasis on infrastructure development, as exemplified by the October 2018 Better Utilization of Investments Leading to Development (BUILD) Act, which raised U.S. financing from $29 billion to $60 billion. Of note, these funds, while funneled through a U.S. Government entity, were to combine some government dollars with a lot of
loan guarantees for anticipated private equity, unlike the fully state-backed loans that support the Chinese BRI and state-owned enterprises that are China’s biggest overseas investors.

From 2017 to 2019, the Trump administration successfully strengthened key alliances in the Indo-Pacific region, namely with Japan and Australia. It expanded military cooperation with traditional allies such as Australia, Japan, and South Korea, while using exercises and dialogues to reach out to nontraditional partners such as India, Malaysia, and Vietnam.49 The Defense Department’s *Indo-Pacific Strategy Report*, released in June 2019, illuminated how the acquisition and deployment of advanced capabilities, new operational concepts, and initiatives to strengthen security partnerships (highlighting Taiwan, New Zealand, and Mongolia) would contribute to the preservation of a “free and open” region and dissuade Chinese adventurism.50 That report featured plans for the strengthening of America’s five treaty alliances; expanded partnerships with Taiwan, New Zealand, and Mongolia; and emerging partnerships with other nations from South Asia to the Pacific islands.

The American strategy also prioritized greater development of a security partnership framework known as the “Quad,” featuring the United States, Japan, Australia, and India. It encouraged greater trilateral regional security partnerships, greater American engagement with the ASEAN Regional Forum (ARF), and support for intra-Asian partnerships (most notably between Australia and Japan and Japan and the Philippines; trilateral cooperation among Australia, Japan, and the United States; and among Japan, the ROK, and the United States).
The Indo-Pacific Competitive Space

The document also prioritized the American purchase of fifth-generation aircraft, long-range antiship missiles, offensive cyber capabilities, and the development of new operating concepts. It highlighted American arms sales to Taiwan ($10 billion) and India ($16 billion), funding for a Southeast Asia Maritime Security Initiative ($356 million), the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, greater U.S. Coast Guard engagement, and an explosives removal package for Vietnam ($340 million).

Thus, the American strategic design—its policy interplay—across the Indo-Pacific is to seek partners that support and extend FOIP. This is a contrast to what the United States views as China's coercive efforts to advance its sovereignty claims inside the First Island Chain and increasingly to assert military dominance through the Second Island Chain (see figure 9.2). Washington sees China's desire to build a "community of common destiny" as part of efforts to exclude the United States from the Indo-Pacific and build a new regional order emphasizing values of state sovereignty, collective order, and limited human rights and freedoms.

American and Chinese Competitive Power Tools and Prospects for Indo-Pacific Success

As described in chapter 3a, several factors are driving the U.S.-China relationship into Great Power competition. Although this competition has global and extra-regional dimensions, the Indo-Pacific region is the most important venue, especially for diplomatic and military aspects of the competition. This leaves countries in the region in an uncomfortable position. Most share U.S. concerns about the risks of Chinese hegemony and have no desire to be left alone in a Chinese sphere of influence, forced to subordinate their interests to those of Beijing.

At the same time, countries across the Indo-Pacific region do not want Washington to drag them into a confrontation with China that could damage their economies (all of which depend heavily on trade with China), destabilize the region, and potentially lead to a devastating war. They seek to maintain a balance that allows them to cooperate economically with both the United States and China and limits Beijing's opportunities for coercion for fear of driving them into Washington's arms. Maintaining this balance is the difficult challenge for regional leaders as U.S.-China Great Power competition broadens and intensifies.

This chapter analyzes the Indo-Pacific competitive arena in terms of the five major categories first described in table 2.2: political and diplomatic, ideological, informational, military, and economic. Below, U.S. and Chinese competitive advantages in these categories are briefly compared and assessed. This evaluation establishes that, while China's power tools have grown over the past several years, the United States retains formidable assets and capabilities if properly marshaled in cooperation with regional allies and partners.

“What has changed in recent years are not the CCP's goals, but rather the means available to achieve them, as well as Beijing's willingness to exercise its growing power in order to do so. Since the mid-1990s, China's rapid economic growth has enabled it to fund a wide-ranging and sustained modernization of its armed forces.”

—Aaron L. Freidberg, “Getting the China Challenge Right,” The American Interest 14, no. 4 (January 2019)
Political and Diplomatic Tools and Prospects

**The United States.** America's longstanding network of alliances and friendships across the Indo-Pacific region has traditionally been a huge advantage over China. Habits of cooperation have been institutionalized between Washington and a number of regional allies: Japan, South Korea, Australia, the Philippines, and Thailand. The United States also has strategic partnerships with other important Indo-Pacific nations—India, Singapore, Vietnam, Indonesia, and Malaysia—that view Washington as a preferable partner to Beijing so long as not forced to make an either-or choice.

America's diplomatic approach to the region was undergoing change before the Presidential election of 2016. It has undergone even more since. Since 2017, Washington has placed less emphasis on some multilateral regional forums that it encouraged and later joined during the post–Cold War years. President Trump appears more interested in bilateral engagements with major countries than in multilateral forums, although his Cabinet officials have continued to participate regularly in multilateral meetings such as the ARF and ARF Defense Ministers meetings. The Trump administration has pursued a series of bilateral initiatives—economic, security, and diplomatic—that have tested allies and partners in ways that many analysts have found worrisome. Interestingly, the diplomatic balance sheet of 2020 finds that longstanding American allies have weathered rather well the Trump administration's frequent questioning and testing, coming through as strong and resilient. Among these, America’s alliances with Japan and Australia have been updated and enhanced. Even longstanding partnerships with challenging allies—South Korea and the Philippines—have endured despite public spats over American military bases and cost-sharing.

The November 2019 State Department document titled *A Free and Open Indo-Pacific: Advancing a Shared Vision* pledged a wide range of American diplomatic, economic, and security programs to engage and sustain American interests and partnerships across the Indo-Pacific region. The document emphasized continuing American diplomatic engagement with regional partners and institutions via programs including the Pacific Pledge ($100 million) and the Lower Mekong Initiative ($3.8 billion). It also championed continuing good governance with a Transparency Initiative ($600 million) and a Myanmar Humanitarian Assistance Program ($669 million), among others. The United States also invested in regional human capital development with a number of programs, including enhanced Fulbright Fellowships, a Young Southeast Asian Leaders Initiative, and a Food for Peace Program. These and other American diplomatic programs are carried out under many different labels, banners, and names, which may undermine their collective impact. American leaders might consider a common branding for these and related economic and security assistance initiatives.

At the same time, American diplomatic efforts remain under-resourced for their critical Indo-Pacific role. As of 2019, China surpassed the United States with the largest number of diplomatic posts in the world and also outmanned Washington in number and staffing of embassies and consulates across the Indo-Pacific region. This relative decline in U.S. diplomatic presence risks undoing the programs Washington has crafted for political outreach and could turn a longstanding American regional diplomatic advantage into weakness.
China. China's political and diplomatic framework for activity in the Indo-Pacific region is based on looser and more complicated relationships with major regional neighbors and regular participation in multilateral regional forums such as Asia-Pacific Economic Cooperation, the East Asian Summit, ASEAN + 3 (China, Japan, and South Korea), and the China-ASEAN Forum. Its regional policy often seeks to serve multiple objectives and avoid embarrassing setbacks to its domestic interests and public image. The priority Beijing gives to domestic concerns and its territorial disputes with countries such as India, Japan, Indonesia, Vietnam, and Malaysia can leave China isolated and awkwardly positioned, giving the United States a potential advantage in coalition-building based on longstanding strategic relationships. China's preference for nonbinding strategic partnerships allows it to cooperate on a selective basis with most countries in the region but does not translate readily into coalitions for deeper strategic goals. China's longstanding "all-weather friendship" with Pakistan is a conspicuous exception to the paucity of alliances, partnership, and friends for Beijing in the Indo-Pacific region.

China's competitive approach to regional diplomacy is oriented on a three-pronged framework. First, China contrasts its five principles of peaceful coexistence, a new model of international relations centered on mutually beneficial cooperation, and the vague notion of collective security embodied in the notion of community of common destiny against Washington's supposed "Cold War mentality" and alliance-based approach to regional security. Beijing increasingly portrays U.S. alliances and the U.S. military presence as stirring up trouble for the region and unfairly aiming to choke off China's legitimate rise. Second, China seeks to use access to its market and preferential benefits from its BRI infrastructure projects and other investment programs to increase its influence in the region and to dissuade countries from taking actions against its interests. This is a potential source of diplomatic leverage, although China's record of using economic sanctions and pressure to alter partner behaviors has been mixed at best, often producing blowback from states it is seeking to influence. Third, China has sought to undercut U.S. diplomatic initiatives through strategically targeted high-level visits and improved relations with traditional U.S. allies and would-be American partners. Xi Jinping's October 2019 visit to New Delhi and his planned visit to Tokyo in 2020 stand as cases in point. China's public response to the Trump administration FOIP vision criticizes U.S. partnership activities as out of touch with regional needs, complains that American initiatives are intended to encircle China, and critiques the initiative as insultingly under-resourced for success. Chinese analysts and strategists are particularly focused on limiting the salience and effectiveness of the Quad security arrangement involving the United States, Japan, Australia, and India—with special attention to India as both the most worrisome strategic partner and the weakest link in the structure.

During 2019 and into early 2020, a much more assertive Chinese diplomatic approach became evident globally, especially in the Indo-Pacific region. Critics complain that Chinese diplomats have become more strident and combative, including in aggressive efforts to deflect Chinese responsibility for mistakes in managing the novel coronavirus (COVID-19) outbreak, to threaten economic retaliation against states calling for an investigation of the origins of the virus, and to cite China's eventual success in taming the virus as evidence of the superiority of the Chinese political system. For example, Australia explicitly rejected what it called economic coercion by China in April 2020 when China's Australian
ambassador stated that the Chinese public could avoid Australian products and universities should Australia continue to press for an independent investigation into the origins and early actions in China surrounding COVID-19. Chinese officials argue that more active diplomacy simply reflects Beijing’s more prominent role on the world center stage and the West’s relative decline.

Although China’s diplomatic presence and activity continues to grow, its overall political influence across the region remains low compared with that of the United States, especially in terms of its ability to mobilize countries for costly actions. But America’s advantages are tenuous. Should it abandon efforts to exert leadership in regional organizations, understaff and under-resource its diplomatic presence, or take its regional allies and partners for granted, America’s palatable advantage in Indo-Pacific diplomatic competition could suffer a noteworthy downturn.

I ideological Tools and Prospects

The United States. The FOIP vision captures critical elements of historic American aims and interests in the Indo-Pacific region. It rests on the bedrock of American ideals of liberal democracy and a free trade system: respect for the rule of law; individual rights; freedom of navigation and overflight, including open shipping lanes; peaceful resolution of disputes; and transparency in the free flow of information. Some contend that these aims and values are “Western” and not inherently “Asian,” claiming Asian culture and history prioritize strong central governments, collective responsibilities, and social harmony over economic liberty and political rights. But Asia’s history since the late 1980s has challenged the notion of any sort of “Asian exceptionalism.” Progress has been mixed, but countries such as Japan and South Korea remain impressive democracies even as states such as Thailand and the Philippines have wobbled in recent years. Taiwan also stands as a success story. At the same time, the United States has been pragmatically applying its preferred values of liberal democracy and individual rights in the Indo-Pacific region. Singapore’s authoritarian governance with a democratic veneer has been acceptable to Washington, and Thailand’s rough-hewn, frequently illiberal democracy has not resulted in its termination as an American treaty ally.

FOIP vision themes have wide regional appeal, showing up in bilateral accords and in prominent regional bilateral and multilateral documents. Even before the Trump administration, these ideas appeared as cornerstones of two major regional vision documents: the U.S.-India Strategic Vision of January 2015 and the India-Japan Vision 2025 signed in December 2015. Since 2017, FOIP’s ideological foundations have been included in other major regional declarations, including American Two-Plus-Two Joint Statements with Japan and Australia and in other key partnership diplomatic documents.

American culture and social engagement remain robust in the Indo-Pacific region. Despite some downturn since 2017, the United States is an enormously attractive location for regional pursuit of graduate and tertiary education. In 2018, more than one-third of Chinese students who studied overseas did so in the United States (321,625), as well as half of Japan’s overseas tertiary students (14,787), almost one-third of those from Australia (4,286), and almost half of those from India (142,618). In 2019, some 730,000 students from the Indo-Pacific region were at graduate or fellowship programs in American colleges.
and universities, representing more than two-thirds of all foreign students in American higher education programs.68

Americans remain the predominant and highest spending tourists across the region and were—before COVID-19 complications—anticipated to spend $257 billion in the region (28 percent of the market) by 2020, compared with a projected $60 billion by China (8 percent).69 English is the language of business in the Indo-Pacific region, and Australia, New Zealand, Singapore, the Philippines, India, Pakistan, and Nepal are either English-speaking or recognize English as an official language.70 The proliferation of Americans and Americanisms across the region gives the United States a decided advantage in promulgating its ideological viewpoint and ideas.

This plays out in Indo-Pacific popular culture, including within China itself. There, American-imported entertainment offers an attractive alternative to state television’s tightly controlled lineup dominated by historical costume dramas and anti-Japanese war films. As an example, when Hollywood actor Alan Thicke died in December 2016, there was an outpouring of sympathy on Chinese social media by a generation of Chinese that had come of age watching Thicke’s character on Growing Pains during the 1980s and 1990s, one of the first American shows to air there. In late 2013, China established a national security committee to focus on “unconventional security threats” to thinking in Chinese youth, including Hollywood movies. By 2015, China’s then–Minister of Education Yuan Guiren reportedly ordered university officials to disallow teaching materials that “disseminate Western values.”71

**China.** Xi Jinping’s work report at the CCP’s 19th Party Congress in October 2017 introduced some new themes with specific resonance in the Indo-Pacific region.72 Xi called for CCP members to focus on governance, politics, and ideology with an emphasis that “Ideology determines the direction a culture should take and the path it should follow as it develops.” He called on China’s writers and artists to produce work that not only is thought-provoking but also extols “our party, our country, our people and our heroes.” Chinese state media openly declared China’s socialist system to be an alternative ideological model for the developing world and a clear competitor with Western liberal democracy.73 Ideological competition now stands as a significant feature in China’s efforts to build support across the Indo-Pacific region, especially with illiberal regimes.74

As noted in chapter 3b, Beijing’s ability to craft and disseminate its preferred ideology in a resonant and positive message has improved, but still exhibits significant liabilities and shortcomings. China’s ideological framework of a community of common destiny is a vague slogan that glosses over conflicts of interest between nations, including China’s territorial disputes with many of its neighbors.75 China’s emphasis on state sovereignty at the expense of human rights and freedoms is inherently limited in appeal, resonating with autocratic elites but not so much with ordinary citizens, even in the Indo-Pacific region.76 Moreover, leaders and people in the region judge China’s lofty principles against the reality of an increasingly authoritarian China whose growth is slowing and as a big country that increasingly uses coercive means to get its way with smaller countries.

China continues to expand efforts to generate soft power to persuade others in the region to pursue its goals and values or to emulate its behavior. Flows of tourists and students between China and other Asian countries continue at record highs, with about 47.8
million Chinese citizens visiting other East Asian countries in 2018.\textsuperscript{77} China hosted more than 295,000 students from the region in 2018, with South Korea, Thailand, Pakistan, and India sending the most.\textsuperscript{78} The Chinese government has supplemented student exchanges by establishing Confucius Institutes in foreign countries to teach Chinese language and promote Chinese culture. As of 2020, 19 Indo-Pacific countries hosted some 97 Confucius Institutes, with South Korea, Japan, and Thailand hosting at least 10 apiece.\textsuperscript{79}

Appeals to cultural and linguistic affinities have been important in dealing with countries that have significant ethnic Chinese minorities. Malaysia and Indonesia, which have historically viewed their ethnic Chinese populations with considerable suspicion, came to regard them as an asset in building economic relations with China. However, Beijing's recent efforts to strengthen outreach to the ethnic Chinese diaspora in Asia are renewing these concerns. Beijing found some sympathy in Southeast Asia for appeals to "Asian values" in the 1990s, but this has been tempered by the deepening of democracy in Japan, South Korea, Taiwan, and some Southeast Asian countries. Cultural and linguistic diversity in Asia is likely to limit China's ability to harness purported common "Confucian values" as a diplomatic tool.\textsuperscript{80}

In the cultural sphere, some Chinese products reflect traditional Chinese culture in ways that resonate within Asia, but most have limited appeal due to their focus on Chinese domestic concerns, derivative nature, political constraints on content, and language barriers. Films have arguably been China's most successful cultural exports. Some of these constraints may ease as China becomes richer, but for now other Asian countries are producing work with more regional impact and influence. It is worth noting that many of the most successful Chinese artists achieved their fame with work done outside China, including Nobel Prize–winning novelist Gao Xingjian.\textsuperscript{81}

The American FOIP vision and China's community of common destiny are competing regional visions for a diverse Indo-Pacific region. As of 2019, regional views suggest that America and its global vision remains most appealing, although with some recent relative decline. A December 2019 Pew Survey reported China receiving unfavorable reviews from all but Pakistan in the region. In Japan, 85 percent have an unfavorable opinion of China, with 63 percent of South Koreans, 57 percent of Australians, and 54 percent of Filipinos sharing this view. Indonesian opinion of China plunged 17 percent between 2018 and 2019, the most negative drop in regional countries over the past decade.\textsuperscript{82} For now, American ideas and ideology, and its projection of them, continue to resonate in the Indo-Pacific region. It is unclear how China will close this gap, but American complacency might still give Beijing a chance.

Informational Tools and Prospects

\textbf{The United States.} As noted in the section on ideology, American public diplomacy and information dissemination in the Indo-Pacific region remains reliant on its post–Cold War medium of private sector journalism and entertainment. It also relies heavily on the penetration of social media images and interpersonal interactions where those are not blocked outright by the host nation government, as in China. The Indo-Pacific region accounts for more than half of all social media users worldwide, with 426 million active Facebook users and one-third of all global Twitter users. Taiwan, Hong Kong, Singapore, Australia, New
Zealand, and Malaysia all rate above 50 percent in national social media penetration—and have access to universal content. China ranks at only 46 percent penetration—but without global access. These numbers give American cultural, social, and ideological themes high resonance—for better or for worse—in a broad and deep messaging arena.

U.S. public information activities prominent during the Cold War are largely gone, but the State Department does maintain a Bureau of Educational and Cultural Affairs and a Bureau of Global Public Affairs that engage in some Internet and social media outreach. In 2016, the State Department stood up an interagency Global Engagement Center to coordinate U.S. Government efforts to expose and counter foreign state and nonstate propaganda and disinformation. Radio Free Asia is a U.S.-based, private, nonprofit corporation funded by the U.S. Agency for Global Media that broadcasts news and information to Asian countries whose governments prohibit access to a free press.

China. One of China’s strengths in the information domain is a well-developed propaganda and influence apparatus that delivers consistent and coordinated messaging through a range of official and semiofficial channels. In 2018, China conducted a major reorganization of CCP and state bureaucracies that consolidated organs engaged in international propaganda and influence projection under Party control. As noted in chapter 3b, China oversees Xinhua, a state-run global media service that produces CCP-friendly stories for worldwide dissemination in multiple languages and boasts an 11.5-million-user Twitter account (despite the fact that Twitter access is banned in China). It endorsed the acquisition of Hong Kong’s South China Morning Post in 2015 by the chief executive officer of the Alibaba e-commerce group, which inserted a management team that promised to provide a positive view of China. It generates content from its state-run China Radio International for use by broadcast networks from Norway to Turkey to Australia. It has lavishly funded the China Global Television Network—rebranded in 2016 as the international arm of China Central Television—recruiting local journalists across the world with excellent pay and airtime to contribute stories acceptable to the Chinese propaganda apparatus. The content seeks to fulfill Xi Jinping’s charge to “tell China’s story well,” emphasizing the generosity of the Chinese people and the benign nature of the Chinese government while amplifying the chaotic and unpredictable nature of Western politics and liberal democracy. However, the consistency and coordinated nature of the CCP messaging apparatus may actually work against the effectiveness of the message as received by foreign audiences. Public opinion of China is very low across the Indo-Pacific region, and China is deemed to be relatively untrustworthy. Moreover, the extensive media and Internet censorship and message control that China practices at home undercuts Beijing’s credibility in projecting a positive image overseas.

The COVID-19 pandemic provides a good illustration of China’s ability to promulgate its narrative domestically and internationally. Confronted with a negative image as the source of the coronavirus outbreak, the CCP began a concerted effort to reshape the adverse narrative of China as an authoritarian power slow to sound the alarm and reluctant to share information to one of China as a global leader that stepped up when others did not. Interestingly, it sometimes did so in coordination with Iran and Russia. The Chinese government went from letting Russian disinformation claiming the United States was the source of the virus proliferate in Chinese social media, to raising questions on state media
about the virus’s origin, to promoting disinformation that the United States was the source of the virus. Simultaneously, it orchestrated heavy media coverage of Chinese provision of tests kits and face masks around the globe, with Chinese diplomats browbeating host governments for positive statements praising Chinese generosity. The full fruits of these efforts remain to be seen, but initial returns have not been favorable. Reports of faulty test kits, defective masks, and Chinese imperiousness combined to sour popular opinion of Beijing across the wider Indo-Pacific region, especially in countries such as Australia, India, and the Philippines. China expert Bates Gill notes that, although the Chinese propaganda apparatus seeks to promote a positive image of China internationally, the most important audience for that message is domestic.

Despite noteworthy disorganization and atrophy of official information channels, American informational tools in the Indo-Pacific region remain substantial and gain credibility from the diversity of viewpoints expressed. China’s external messaging is hindered by its unified propaganda message and hypersensitivity to criticism, which leads Chinese diplomats to complain about any foreign government statements or media coverage that paint China in an unattractive light. The quality of a government’s information apparatus is important, and the U.S. Government needs to devote more resources and attention to its public diplomacy and informational tools. But ultimately it is the content of the message—both in terms of the performance of competing governance models and an attractive regional vision that others want to follow—that makes informational tools effective.

Military Tools and Prospects and the “Hard Case” of Taiwan
Since the end of World War II, the United States has been the dominant maritime and airpower in Asia. As noted, America has relied on a network of alliances and arrangements with allies and friendly partners in the Indo-Pacific region to support naval and air access and freedom of maneuver. The regional military balance in terms of relative U.S. and Chinese capabilities is important, but the real U.S. strategic center of gravity is the political-military relationships that underpin its alliances and the forward-deployed military presence that they support. Some American military advantages have eroded over the past 2 decades as PLA capabilities have grown, but the U.S. military is welcome in the region in a way that the Chinese military is not.

In 2020, the U.S. military enjoys significant quantitative and qualitative advantages over the PLA, especially in a long conflict that would allow it to bring all its assets to bear. USINDOPACOM oversees a Pacific Fleet with a complement of about 50 capital ships, 2 or 3 aircraft carriers, and approximately 30 advanced U.S. submarines operating in the region. USINDOPACOM manages 3 numbered U.S. Air Forces with an unrivaled mixture of some 2,000 fighter, bomber, and mobility aircraft. It also oversees 80,000 U.S. Army and Marine Forces stationed throughout the region and has access to another 100,000 deployable troops on command from the continental United States, if required. The United States also has advantages in its proven ability to employ space-based intelligence, surveillance, and reconnaissance and cyber capabilities to support its ground, naval, and air assets.

Conversely, the PLA Navy (PLAN) has 3 fleets with about 140 capital ships, but lacks long-range, blue water warfare capabilities. Its two aircraft carriers use a ski-ramp design that limits the payload of their aircraft; the PLAN will not field a modern carrier until 2023. Its air
forces are large and composed primarily of multirole fighters, with a limited number of stealth fighters coming into the force. Its current bombers are based on a late 1950s Soviet design, although they are equipped with modern engines and capable land-attack and antiship cruise missiles. PLA Army and marine forces have been reorganized in a corps-brigade-battalion structure to improve their abilities to conduct combined arms and joint operations with other services. The PLA has a limited number of army and marine amphibious units but lacks the sea lift capability to deploy and sustain them too far from the Chinese mainland. The PLA is optimized for fighting conventional land conflicts along its borders, but for the last 15 years, its modernization efforts have emphasized the need to develop its naval, air, and missile forces and to develop the ability to conduct joint operations employing the full range of PLA capabilities. These efforts have significantly improved the PLA's ability to project power within and beyond the First Island Chain (see figure 9.2).

One aspect of the U.S.-China military competition in the Indo-Pacific region involves Chinese efforts to use increasing military and paramilitary presence and coercion to enhance its effective control of the maritime territories it claims in the South China and East China seas and U.S. military efforts to operate in these disputed waters to maintain the principles of freedom of navigation and international law. The United States does not take a position on the merits of the competing claims to sovereignty over land features, but insists on the principles of peaceful resolution of disputes and compliance with international law. Chinese aggressive tactics to enforce its claims—which the United States regards as incompatible with UNCLOS—have involved the creative use of civilian fishing vessels and coast guard ships on the front line, backed by naval capabilities. China has practiced gray zone tactics that seek to avoid the use of lethal force while employing a range of military, paramilitary, economic, diplomatic, legal, and informational tactics to reinforce its maritime claims.

These actions have increased the willingness of countries in the region to spend more on their militaries and their interest in enhanced security cooperation with the United States and other major powers. Absent U.S. intervention, China now has the military capability to seize and hold the disputed land features in the South China Sea, but this would be a bloody affair that would severely damage China's relations with claimant and nonclaimant states alike and stimulate military balancing against China. To date, Beijing has judged the costs of a military solution to be too high. This low-level war of nerves on the high seas is likely to continue without a definitive resolution for some time to come.

In addition to continuing military presence missions such as freedom of navigation operations, the United States remains well postured to help regional militaries—prioritizing Taiwan, Japan, Vietnam, and the Philippines—develop the ability to challenge China's power-projection capabilities. Formal American alliances and partnerships, while under some recent duress, remain robust and growing. From 2017 to 2019, the Trump administration successfully strengthened key alliances and expanded military cooperation with traditional allies such as Australia, Japan, and South Korea, while using exercises and dialogues to reach out to nontraditional partners such as India, Malaysia, and Vietnam. The Defense Department's Indo-Pacific Strategy Report, released in June 2019, illuminated the contributions made by the U.S. acquisition and deployment of advanced capabilities, new operational concepts, and initiatives to strengthen security partnerships.
States also could support India’s efforts to pose military dilemmas for China, a relatively low-cost means of complicating the PLA’s ability to concentrate attention and resources on U.S. forward locations across East Asia and the Western Pacific.99

U.S.-China strategic competition in the Indo-Pacific region will also have a high-end conventional military aspect where U.S. qualitative advantages in military hardware, ability to project power globally, and proven ability to conduct effective joint combat operations are partially offset by China’s geographic advantages when operating from its own home territory. Since the mid-1990s, the paradigmatic PLA planning and modernization scenario has been an invasion of Taiwan in response to a de jure declaration of independence, with the United States intervening on Taipei’s behalf. This scenario would require air and sea lift capabilities to get a PLA invasion force onto the island, but the ranges required would be relatively limited since the island is less than 100 miles away.

The PLA has invested in an array of antiaccess/area-denial (A2/AD) capabilities intended to raise the costs and risks for U.S. forces operating near China, with the goal of deterring or delaying U.S. intervention. These include advanced diesel submarines, which could attack U.S. naval forces deploying into the Western Pacific; surface-to-air missiles such as the Russian S-300, which could target U.S. fighters and bombers; and antiship cruise missiles and antiship ballistic missiles optimized to attack U.S. aircraft carrier battle groups. China has invested in a range of accurate conventional missiles that can target the bases and ports the U.S. military would use in a conflict. China has also sought to exploit U.S. military dependence on space systems by developing a range of antisatellite capabilities that could degrade, interfere with, or directly attack U.S. satellites and their associated ground stations. It has invested in cyber capabilities to collect intelligence and degrade the U.S. military’s ability to employ computer networks in a crisis or conflict. In a conflict, the PLA would attempt to use multidomain attacks to paralyze U.S. intelligence, communications, and command and control systems and force individual units to fight in isolation, at a huge disadvantage.100 This would make American defense of allies and national interests inside the First Island Chain difficult.

A potential U.S.-China conflict over Taiwan represents a “hard case” where China might hope to mount a successful surprise attack and force Taiwan’s capitulation before the U.S. military could bring its forces to bear. This could present the United States with a hard-to-reverse fait accompli. China considers Taiwan part of its historic territory and is committed to eventually achieving unification as part of the “great rejuvenation of the Chinese nation.” The United States abrogated its security treaty with the Republic of China (Taiwan’s formal name) in 1979 and agreed to have only unofficial relations with it as part of the process of normalizing relations with the People’s Republic of China. The United States does not have a formal security commitment to Taiwan, but the 1979 Taiwan Relations Act requires providing Taiwan with defensive arms and states that U.S. policy is to retain the capability to resist the use of force or coercion to undermine Taiwan’s security.101

This task has become more difficult given the tyranny of distance and successful PLA modernization. RAND’s 2015 evaluation of U.S.-China military force capability trends found that the United States had “major advantages” in 7 of 10 critical capability areas in a Taiwan scenario in 1996, but that by 2017, the United States would have clear “advantages” in only 3 categories, and the PLA would enjoy advantages in 2: its ability to attack
U.S. airbases and its ability to attack U.S. carriers. China’s advances in ballistic missiles, cruise missiles, and modern diesel attack submarines now give it advantages it did not have during the 1990s Taiwan standoff. The U.S. Air Force ended its 16-year bomber forward presence on Guam in late April 2020 in recognition of China’s enhanced missile capabilities, especially its DF-26 “Guam killer.”

In a South China Sea scenario, where PLA weaknesses in power projection would matter more, RAND assessed that the U.S. military would retain an edge in 2017, but even there the PLA would have made up considerable ground.

The implications for the U.S. ability to defend Taiwan are significant in the context of U.S.-China Great Power rivalry in the Indo-Pacific region. As noted in chapter 3b and above, while China is not close to catching up to the U.S. military in terms of aggregate military capabilities (quality and quantity), it does not need parity to frustrate U.S. intervention in a short conflict on its immediate periphery. Despite ongoing U.S. military efforts to develop new military capabilities and operational concepts to operate in an A2/AD environment, China has made significant improvements in its ability to attain a decisive military advantage in confrontation scenarios near China’s coast—such as with Taiwan. These emerging realities suggest that American and Taiwanese militaries should consider an active denial strategy that reduces the risk from preemptive attack and makes Taiwan a more resilient target. Chapter 5 discusses some of the small, smart, and cheap alternatives that Taiwan and the United States might consider in this vein. Washington and other Western governments should continue to make it clear to China that aggression against Taiwan would carry immense costs and risks, but they must be more circumspect in predicting any absolute ability to prevail in armed conflict. Taiwan’s allies and friends should simultaneously engage China on issues of strategic stability and escalation to reduce the prospects for miscalculation.

**Economic Power and Influence Prospects**

**The United States.** Almost every government in the Indo-Pacific region is focused on increasing economic growth and raising living standards for its people, which gives economic instruments of power great salience. U.S. leadership and support for the open global economic order has underpinned the Asian economic miracle that saw first Japan, then the four tigers (South Korea, Singapore, Taiwan, and Hong Kong), and finally China enjoy

“The United States’ ambiguous commitment to Taiwan’s defense is making the actual defense of Taiwan less tenable. Two decades ago, when the threat of a Chinese invasion could be deterred by sending a U.S. aircraft carrier through the Taiwan Strait, a mostly symbolic military relationship between the two countries was a sufficient way to keep the peace. This is no longer true. The PLA has grown strong enough that neither Taiwan nor the United States can afford to have the Taiwanese military devote another decade to suboptimal arm purchases. If the United States wants to increase the defensive power of Taiwan’s armed forces, then Washington must find other ways to give the Taiwanese leaders the symbolic victories they seek from arms packages.”

—Tanner Greer, “Taiwan’s Defense Strategy Doesn’t Make Military Sense,” Foreign Affairs, September 17, 2019
rapid economic development. Access to the U.S. market and U.S. technology continues to play a major role in sustaining regional growth, and reciprocal access to growing Indo-Pacific markets and technology is important for U.S. growth and prosperity. While free trade produces mutual benefits, every government seeks to maximize the benefits for its country and companies by capturing an increased share of high-value-added products and rapidly growing markets.

UN trade data shows that China was the number one export market for other Indo-Pacific countries in 2017, taking $413 billion in their exports (plus an additional $82 billion routed through Hong Kong), compared with $343 billion for the United States. China is the number one export market for most countries in the Indo-Pacific region, including most U.S. allies. Yet these figures greatly understate the U.S. role in the regional economy because many exports to China are raw materials or components that are processed or assembled into final products and subsequently exported to the United States or other developed country markets. Such goods show up in the data as part of Chinese exports to the United States, which totaled $526 billion in 2017. U.S. companies play an important role in these regional production networks (including by owning and operating factories in China) and the U.S. market is the final destination for many of these products. There is extensive trade integration within and across the Indo-Pacific region, and countries want to be included in regional production networks and to access both U.S. and Chinese markets.

The centerpiece of the Obama administration’s Indo-Pacific economic policy was the Trans-Pacific Partnership, an “ambitious, next-generation Asia-Pacific trade agreement” including 12 regional countries and extensive environmental, labor, and intellectual property standards. The TPP did not include China, but advocates hoped that the prospect of eventual membership would provide incentives for China to modify its economic practices to comply with TPP rules. The TPP agreement was signed on February 4, 2016, but the Obama administration did not submit the agreement to Congress for approval in the face of bipartisan opposition. One of the Trump administration’s first acts was to withdraw from participation in the TPP.

Since 2017, the Trump administration has focused on trying to change the terms of U.S. trade with foreign partners, including U.S. allies in the Indo-Pacific region. This has included tariffs on steel and threatened tariffs on automobiles and auto parts based on “national security grounds,” renegotiating the Korea-U.S. FTA, and a bilateral agreement to increase access to the Japanese market for U.S. agricultural goods. These bilateral deals continued a long-term U.S. approach to trade. But abandoning the TPP was a major deviation in U.S. regional economic strategy, which places the United States outside the rules-setting role of the successor Comprehensive Progressive Agreement for Trans-Pacific Partnership (CPTPP) established in 2018 by the 11 other signatories of the TPP. Preferring to resolve trade disputes through bilateral negotiations, the Trump administration also has blocked the appointment of judges to the World Trade Organization’s appellate body, rendering this multilateral institution unable to rule on trade disputes.

In the absence of a multilateral trade agenda, the U.S. FOIP vision has focused on developing alternative forms of regional infrastructure assistance to compete with China’s BRI regional investment infrastructure initiatives. In July 2018, Secretary of State Mike Pompeo announced a $113 million “down payment” on U.S. investments in the digital economy,
energy, and infrastructure sectors. In October 2018, Trump signed the BUILD Act, which raised the ceiling on U.S. global development financing to $60 billion. In November 2018, the U.S. Government signed a memorandum with its Japanese and Australian counterparts to create a new partnership designed to provide financing for projects that “adhere to international standards and principles for development,” an implicit critique of Chinese projects viewed as falling short of those standards. Other elements included funding for the Millennium Challenge Corporation ($2.3 billion) and establishment of a Blue Dot Network to set financially sustainable standards for infrastructure development.

In mid-2018, the United States began a trade war with China by imposing a series of tariffs covering most Chinese exports to the United States. China responded with tariffs targeting U.S. exports, including agricultural exports from farm states crucial to American electoral politics. The trade war was the most serious disruption in global commerce in the post–World War II era. Analysis through September 2019 revealed the effort to be a double-edged sword. China’s lost export revenue was triple that of the United States ($53 billion to $14.5 billion, respectively), but the United States had not achieved any substantive movement in the Chinese economic behaviors it was seeking to change. Key sectors of the U.S. economy—exporters of minerals and ores, forestry products, agribusiness, and transportation systems—lost substantial revenue and were disturbed that China has found alternative suppliers, meaning potential lasting damage to export revenues. The “phase one” U.S. trade deal with China announced in January 2020 involved Chinese agreement to lift some retaliatory tariffs and to substantially increase imports from the United States, but making no major concessions on the issue of government industrial policies. Many economists were skeptical that the targets were realistic, and trade disruptions due to the COVID-19 pandemic make it unlikely that China will fulfill those commitments.

The uncertainties arising from the U.S.-China trade relationship, and particularly U.S. policy discussions about trying to “decouple” the U.S. economy from China, are moving alliance partners to consider alternative trade structures. These include the Japan-European Union FTA; ongoing negotiations for a Regional Comprehensive Economic Partnership that will include China (but not the United States); and continuing negotiations between Japan, China, and South Korea for a trilateral FTA. This region-wide hedging may have long-term negative political and strategic consequences. A serious U.S. effort to use tariffs to dismantle regional production networks and force countries to move production out of China is likely to meet with significant resistance given the importance of trade and investment ties with China to virtually every country in the Indo-Pacific region.

China. The growing economic dependence of other Indo-Pacific countries on the China market is a potential source of influence for Chinese leaders, but a tricky one to use. The desire to maintain market access makes Indo-Pacific countries reluctant to take actions that might offend China, but Chinese efforts to use restrictions on trade and tourism as an active coercive tool have had mixed results. In many cases, such as China’s efforts to punish South Korea for agreeing to host U.S. Terminal High Altitude Area Defense antiballistic missile systems, these measures have signaled Beijing’s unhappiness and imposed costs on the target country but have not succeeded in forcing it to make the policy changes China wanted.

China has had more success using economic incentives such as FTAs, outbound investment, foreign aid, and infrastructure loans as carrots that provide concrete benefits to
recipient countries and give substance to China’s vision of a stable, prosperous region with extensive economic integration. China is building on its existing FTAs with ASEAN, New Zealand, and Singapore via ongoing negotiations for a Regional Comprehensive Economic Partnership and a trilateral Japan, China, and South Korea FTA, both of which would exclude the United States and expand China’s preferential access to regional markets. China has emerged as a huge overseas investor over the past two decades. Although Indo-Pacific countries account for only about 20 percent of Chinese overall outbound investment, as of 2019, this totaled almost $250 billion, along with an additional $242 billion in construction projects by Chinese companies.

China does not publish a detailed breakout of its foreign aid programs, but poorer countries in Southeast Asia and Oceania have been significant recipients of Chinese development assistance, receiving at least $38 billion from 2000 to 2016. Much of this assistance goes to improve transportation infrastructure connecting South and Southeast Asia with China; many of these projects are now included as part of the BRI. These infrastructure investments, some of which are funded by the Asian Infrastructure Investment Bank established by China in 2016, not only contribute to economic development but also link these countries more closely to the Chinese economy and will produce greater trade dependence in the future. Expanding BRI financing is an important tool for advancing China’s regional influence, but there is growing skepticism in some Chinese quarters about spending massive sums on foreign development.

In summary, the United States and China bring different strengths to Great Power competition in the Indo-Pacific region. In terms of political and diplomatic tools, China has raised its diplomatic game but is unlikely to find much support for efforts to limit U.S. presence in the region because most countries in the Indo-Pacific want the United States involved to help balance against Chinese power. In terms of ideological tools, the U.S. regional vision resonates with a number of countries and is likely to have more appeal than China’s vague call for a community of common destiny. The soft power of both countries is likely to be damaged by poor performance in governance and the disjuncture between their stated regional visions and actual policies. China has a clear informational advantage in its ability to articulate and reinforce a consistent message, but the fact that this message is usually parroting CCP talking points that are inconsistent with Chinese behavior undercuts the effectiveness of its informational efforts. The United States has a more appealing message, but American government tools to express that message to Indo-Pacific countries have atrophied and need more resources.

U.S. military dominance has eroded as Chinese military capabilities have improved, but the fact that the Chinese military is viewed as a threat and the U.S. military is viewed as a partner is a huge political-military advantage. The United States needs to improve its ability to operate in an A2/AD environment, including its willingness to accept operational risk in peacetime settings. Neither side is likely to attain decisive military advantage in the region. The question is whether the high costs and escalation risks of a major war could continue to maintain a cold peace. In terms of economic tools, China has significant advantages in its ability to mobilize and direct resources and to provide countries with valued opportunities to increase their economic growth. The U.S. Government must rely primarily on creating incentives and opportunities for private-sector actors. The lack of a multidi-
dimensional regional trade strategy and recent efforts to strong-arm U.S. allies and partners have reduced American economic influence in the region. If the United States tries to force countries to participate in an aggressive effort to decouple their economies from China’s, Washington seems likely to meet significant regional resistance.

Conclusions

U.S. and Chinese strategic interests are less aligned and more important to both countries in the Indo-Pacific region than in any other area of the world, making it a central venue for Great Power competition. Over the past decade, Beijing has become more critical of the U.S. military presence and U.S. alliance system, arguing that it reflects Cold War thinking and emboldens U.S. allies to challenge Chinese interests. The U.S. Free and Open Indo-Pacific vision and increased U.S. regional security cooperation in activities such as the Quad have stoked Chinese fears of U.S. encirclement or containment. Beijing has resisted making any binding commitments that might restrict its military capabilities or ability to employ military power to defend its core interests. Its increasing military capabilities and more assertive approach to maritime territorial disputes have heightened regional concerns about how a strong China could behave, leading most countries to improve their security ties with the United States.

To protect and advance its interests, the United States will need to acknowledge that the appeal of access to China’s superior market and the weight of Beijing’s other economic tools make Indo-Pacific countries unlikely to give up economic ties with Beijing, even if Washington attempts to decouple from the Chinese economy. Washington’s relative disadvantage in economic power limits its ability to persuade countries to fully align with it economically against China now, and for some time. Thus, it must develop flexible policies that allow China’s neighbors to avoid an explicit choice of aligning completely with Washington or Beijing in the regional Great Power competition, unless they are compelled by Chinese behavior to do so. But Washington still has a full agenda to pursue, both to advance specific U.S. economic interests and to shape rules and norms in the most dynamic region in the world. A U.S. Indo-Pacific strategy that combines some degree of engagement with China and attention to nurturing a balance of economic and military power around Beijing as a hedge would best serve U.S. interests. In that spirit, the United States needs to find a pragmatic basis for bilateral economic relations with China that protects what is working and helps adjust what is not. A trade war or full economic decoupling is unlikely to achieve that end.

At present, the Trump administration is attempting to address trade and market access issues unilaterally through tariffs and other administrative measures. The United States should reconsider participation in the TPP in order to promote the integration with the Indo-Pacific economies that would be needed to form a truly viable counterweight to China. Admittedly, many U.S. interest groups and citizens have grown skeptical of FTAs, but the shortcomings of the past should not be allowed to hamper what is needed economically and strategically for the country’s future. The successful negotiation and implementation of a new TPP-like agreement—including accession into the CPTPP—could be a powerful collective lever to reshape objectionable Chinese economic practices so that Beijing can eventually participate.
In the security domain, the United States is at a relative military power disadvantage if a clash over Taiwan or another sovereignty issue breaks out within the First Island Chain, where China could use its A2/AD capabilities to full effect. Thus, Washington should re-review military dispositions in these areas and adjust strategies, capabilities, and operational concepts with an eye toward making better use of emerging technologies and increasing the resilience of its military forces in theater. Chinese A2/AD capabilities will necessitate some tough military planning choices in these special cases. U.S.-China military-to-military relations are unlikely to overcome these competitive dynamics in areas where China’s core interests lie, but they could have value enhancing deterrence, increasing transparency, and dispelling unfounded worst-case suspicions. They also can help improve communication mechanisms and understandings about how military ships and aircraft would behave when they encounter each other, which would help avoid incidents and provide more effective crisis management tools.122

At the same time, the United States should build on its relative political-military advantages to sustain and strengthen its regional security position. Reinforcing present alliances, building military partnerships, extending cooperative training, and expanding interoperability are techniques that regional states will embrace and will work against unilateral Chinese efforts to intimidate. If the United States emphasizes its alliances, expands security cooperation with other partners, and actively engages in regional multilateral institutions, it can deal with Chinese regional security initiatives and actions from a position of strength and resist Chinese efforts to erode the U.S. alliance system. Conversely, if Washington appears disengaged, it will become less relevant and less able to shape the evolving regional security environment.

America’s advantages in alliance diplomacy, relative trustworthiness, resonance of ideological vision, and (for the time being) approach toward open information and communications should be highly valued and enhanced. At present under Xi Jinping, the CCP is moving China in the direction of increased authoritarian control and a greater state role in the economy, policies that prioritize stability over growth. These are likely to have adverse side effects within China that undercut the appeal of China’s model.123 If Washington can prioritize its many concerns with China and partner with like-minded allies and partners to develop a practical agenda, there eventually may be renewed support within China for past reform proposals that are currently on hold due to resistance from Chinese special interests. Washington should work with regional and extra-regional partners to provide outside pressure that might help reenergize these reforms.124

At the same time, American interests will be strongly advanced by working with Indo-Pacific partners to articulate and build regional support for the vision and values that underpin the FOIP. If China violates international law and regional norms, the United States should say so consistently. As long as American society models and promotes open, transparent, and democratic institutions, the United States likely will appear as an ideological and even existential threat to CCP leaders.125 But strong and consistent messaging with allies and partners could send a positive signal to the Chinese people about the value of good, representational governance and provide other states around the region a positive alternative framework that contrasts with China’s authoritarian model.
Put a different way, support for human rights and democracy in the Indo-Pacific region today makes sense given Washington’s relative power advantage in the competitive categories of ideology, informational openness, and diplomacy. Standing publicly with supporters of human rights and political reform in China could be a key part of any U.S. strategy for a Great Power competition that is about values as much as it is about relative economic or military power.\textsuperscript{126} Rallying support of this type today requires that U.S. officials act realistically about the nature of the challenge and spell out clearly what meeting it requires. It also requires articulating how addressing the Chinese challenge would be central to preserving the relatively stable, open, and democratic Indo-Pacific region that has taken hold over the past seven decades. In turn, this demands a level of sober but resolved political leadership in Washington. The size and scope of China’s economic presence across the Indo-Pacific region means that the United States will need a strategy that is as broad and enduring as the threat it is meant to counter.\textsuperscript{127} Chapter 14 considers several American strategies and evaluates which might best rise to this test.

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\textbf{Notes}

\textsuperscript{1} Russia rates this lesser status for three major reasons. First, Vladimir Putin’s Russia has an unrelenting strategic focus on its troubled relations with the West. Second, Russia lacks capacity in its Far East and will take a long time to generate capabilities even if it determined to generate them. Third, the Sino-Russian relationship is highly uneven despite the tactical value each sees in specific cooperation against the United States. Beijing possesses a vision, resources, and a game plan for the Pacific region, while Russia has no fully articulated or resourced Asia policy. Thus, despite some noteworthy short-term common interests and concerns, Moscow and Beijing priorities diverge significantly. While Moscow wishes to derail the present U.S./Western-dominated international system, China sees much residual value in the current international framework, so long as Beijing can expand its influence and work to address its perception of major flaws. Russia and China can today agree to constrain American hegemonic power and liberal interventionism, but they do not have a convergent strategic vision and are unlikely to cooperate on grand strategy or the framework for post-Western international rules, norms, and institutions globally or in the Indo-Pacific region. For more detail, see the review of Russian strategy in chapter 3a. Also see Bobo Lo, \textit{Once More with Feeling: Russia and the Asia-Pacific} (Sydney, Australia: Lowy Institute, 2019), available at https://www.lowyinstitute.org/publications/once-more-feeling-russia-and-asia-pacific; Malin Østevik and Natasha Kuhrt, “The Russian Far East and Russian Security Policy in the Asia-Pacific Region,” in Russia’s Turn to the East, ed. Helge Blakkisrud and Elana Wilson Rowe (London: Springer, 2017), 75–94; Nivedita Kapoor, “The Long Road Ahead: Russia and Its Ambitions in the Far East,” Observer Research Foundation, September 11, 2019, available at <https://www.orfonline.org/expert-speak/the-long-road-ahead-russia-and-its-ambitions-in-the-far-east-55378>; Liz Bagot and Josh Wilson, “The Russian Far East, Gateway to Asia,” GeoHistory Today, October 1, 2011, available at <https://geohistory.today/russian-far-east/>; James Brown, “Japanese Investment in Russia Floundering Despite Arctic Energy Deal,” The Moscow Times, October 16, 2019, available at <www.themoscowtimes.com/2019/10/16/japanese-investment-floundering-despite-arctic-energy-deal-a67754>.

\textsuperscript{2} These economic norms and principles were underwritten by international organizations established and supported by the United States, including the Bretton Woods institutions of the World Bank, International Monetary Fund, General Agreement on Tariffs and Trade, and its successor, the World Trade Organization.

\textsuperscript{3} The Southeast Asia Treaty Organization (SEATO), a multilateral treaty established in 1954 to resist the expansion of communism in Southeast Asia, is a partial exception. SEATO was dissolved in 1977.

\textsuperscript{4} For a review of successive American national security strategies from 1993 through 1998 that articulated the objectives of


9 stipulating the role of China, and its operations in China have been central to ties between the two countries. Over the past quarter century, these firms have transferred technology, created jobs, and helped reshape the Chinese economy. See Two-Way Street: 25 Years of U.S-China Direct Investment (New York: National Committee on U.S.-China Relations, 2016), 1, available at <https://www.ncuscr.org/sites/default/files/page_attachments/Two-Way-Street-2016_Exec-Summary.pdf>.


25 Authors' interactions with Chinese officials, military officers, and scholars, 2009–2013.


27 Ibid.


32 Obama, "Remarks by President Obama to the Australian Parliament."


35 China also made efforts to stabilize bilateral relations, proposing that the United States and China build a "new type of major country relations." The Obama administration was prepared to consider the framework but did not want to accept obligations to respect China’s self-defined "core interests" (including claims to Taiwan) or suggest that Washington would cut deals with Beijing at the expense of its regional allies. See Jane Perlez, "China’s ‘New Type’ of Ties Fails to Sway Obama," New York Times, November 9, 2014, available at <www.nytimes.com/2014/11/10/world/asia/chinas-new-type-of-ties-fails-to-sway-obama.html>


37 Second, the U.S. State Department published a paper formally challenging China’s assertion of sovereignty over maritime claims related to its "dashed-line" encircling islands and waters in the South China Sea. This paper set the legal predicate for freedom of navigation operations conducted in the South China Sea by U.S. warships that began in 2015. See Bureau of Oceans and International Environmental and Scientific Affairs, U.S. Department of State, "Maritime Claims in the South China Sea," Limits in the Seas No. 143 (December 5, 2014), available at <http://www.documentcloud.org/documents/1376464-us-limits-in-the-seas-dos-no143-china-in-scs-12.html>

38 Finally, President Obama’s November 2014 summit in China did realize agreement by both states to sign the Paris Climate Accord, but the administration did not find formal compromise for simmering grievances on the two critical issues of Chinese cyber espionage or maritime disputes. See Perlez, "China’s ‘New Type’ of Ties Fails to Sway Obama."


43 Ibid., 46.


46 "A Free and Open Indo-Pacific, 6.


49 For a recent overview of these activities, see Admiral Harry B. Harris Jr, Statement Before the Senate Armed Services Committee Hearing on U.S. Pacific Command Posture, February 23, 2016, available at <www.armed-services.senate.gov/imo/media/doc/Harris_02-23-16.pdf>

50 Indonesia, "Indo-Pacific Strategy Report.


54 A Free and Open Indo-Pacific.


58 Ibid.

59 China’s five principles of peaceful coexistence are mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in the internal affairs of others, equality and mutual benefit, and peaceful coexistence. These have been essential to Chinese foreign policy for more than 60 years—and were amplified in “China’s Policies on Asia-Pacific Security Cooperation,” State Council Information Office of the People’s Republic of China, January 2017, available at http://english.www.gov.cn/archive/white_paper/2017/01/11/content_28475539078636.htm>. Also see Ankit Panda, “Reflecting on China’s Five Principles, 60 Years Later,” The Diplomat, June 2014, available at https://thediplomat.com/2014/06/reflecting-on-chinas-five-principles-60-years-later/.


64 See “West Feels Challenged by China’s New ‘Wolf Warrior’ Diplomacy,” Global Times (Beijing), April 15, 2020, available at <https://www.globaltimes.cn/content/1185776.shtml>.


68 A Free and Open Indo-Pacific.


71 Eric Fish, “China’s Youth Admire America Far More than We Knew,” Foreign Policy, February 9, 2017, available at <https://foreignpolicy.com/2017/02/09/chinas-youth-admire-america-far-more-than-we-knew-surprising-survey-results-ideological-university-crackdown/>. As observed in this article, it is important to note that Western researchers do not believe that Chinese youth—or Chinese in general—affinities for America and the West are about wholesale adoption of Western liberal democracy. Instead, decades of research consistently suggests that many Chinese yearn to adopt certain elements of Western governance, such as freedom of the press, personal liberties, and official transparency and accountability.


74 Denmark, “Ideological Competition in the Indo-Pacific.”


76 As Aaron Friedberg observed, China’s ideological appeal is constrained by the Chinese Communist Party’s actions at home. The expanded resources available to the CCP regime have given it a widening array of options for crushing domestic dissent. It has strengthened the “Great Firewall” to block unwanted internet content. It also is moving toward a nationwide “social credit” system that will use facial recognition software and big data analytics to monitor the activities, track the movements, and assess the political reliability of virtually every person in China. This is a capability of which the 20th-century’s totalitarian dictators could only dream. See Friedberg, “Getting the China Challenge Right.”


86 See Larry Diamond and Orville Schell, eds., China’s Influence and American Interests: Promoting Constructive Vigilance (Stanford: Hoover Institution Press, 2019), appendix I.

87 Silver, Devlin, and Huang, “People Around the Globe Are Divided in Their Opinions of China.”


90 Figures are 2017 data from the United Nations Comtrade Database, using the trade dashboard to count exports by Japan, North Korea, South Korea, Australia, New Zealand, India, and Chinese companies classified as covered under the U.S.-Japan security treaty but does not take a position on the underlying sovereignty dispute.


94 The United States recognizes Japanese administrative control over the Diaoyu/Senakaku Islands and therefore regards them as covered under the U.S.-Japan security treaty but does not take a position on the underlying sovereignty dispute.

95 See Lyle J. Goldstein, Five Dragons Stirring Up the Sea: Challenge and Opportunity in China’s Improving Maritime Enforcement Capabilities No. 5 (Newport, RI: U.S. Naval War College China Maritime Studies Institute, April 2010).

96 Ratner et al., Rising to the China Challenge.

97 For a concise overview of these activities, see Harris, Statement Before the Senate Armed Services Committee Hearing on U.S. Pacific Command Posture.

98 Belt-Road Strategy Report.


102 “An Interactive Look at the U.S-China Military Scorecard,” RAND–Project Air Force, available at <https://www.rand.org/pubs/projects/us-china-scorecard.html>. RAND defined advantage to mean that one side is able to achieve its primary objectives in an operationally relevant time period, while the other side would have trouble doing so.


104 Figures are 2017 data from the United Nations Comtrade Database, using the trade dashboard to count exports by Japan, North Korea, South Korea, Australia, New Zealand, India, and Chinese companies classified as covered under the U.S.-Japan security treaty but does not take a position on the underlying sovereignty dispute.

Bangladesh, Sri Lanka, Bhutan, and Nepal. Hong Kong re-exports to China are calculated at the 2018 rate of 55 percent.

107 This figure is U.S. imports from China, which captures Chinese exports routed to the United States through Hong Kong.

108 Members of the Trans-Pacific Partnership included Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam.


111 “Sec. Pompeo Remarks on America’s Indo-Pacific Economic Vision.”


119 “China Global Investment Tracker,” American Enterprise Institute, April 30, 2020, available at <https://www.aei.org/china-global-investment-tracker/>. Figures do not include Chinese investment or construction projects in Hong Kong or Macao.


121 Wuthnow, Just Another Paper Tiger? 15.


123 For a discussion of these challenges, see Thomas Finger and Jean C. Oh, “China’s Challenges: Now It Gets Harder,” Washington Quarterly 43, no. 1 (Spring 2020), 65–82.

124 Paal, America’s Future in a Dynamic Asia.


126 Ibid.

127 Ibid.