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The Trump Administration's "Free and Open Indo-Pacific": Issues for Congress

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SUMMARY

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The Trump Administration's "Free and Open Indo-Pacific": Issues for Congress

The Trump Administration has outlined a goal of promoting a Free and Open Indo-Pacific (FOIP), seeking to articulate U.S. strategy towards an expanded Indo-Asia-Pacific region at a time when China's presence across the region is growing. The FOIP initiative is identified through a number of statements by the President and senior Administration officials. Insight into the initiative's context and perspective is also offered by the Administration's National Security Strategy and the National Defense Strategy. The FOIP concept represents a significant change in U.S. strategic thinking towards the region because of its explicit linkage of South Asia and the Indian Ocean region with the Asia-Pacific region. The FOIP also emphasizes maritime issues. While recent statements by Secretary of State Mike Pompeo have provided a more detailed understanding of the strategy, uncertainty remains over the specifics of the initiative.

Some critics of the initiative wonder if the United States has the vision, political will, or economic resources necessary to implement a FOIP strategy effectively. Some observers have pointed to inconsistencies with other Trump Administration initiatives toward the region, and to the lack of detail necessary to operationalize the concept. Some also argue that the economic aspects of the initiative are relatively small when compared to either China's lending, including under its Belt and Road Initiative, or the region's infrastructure investment needs. Another often-expressed concern is that the FOIP's initial emphasis on the "Quad" with Australia, India, and Japan raises concerns that it risks eroding U.S. influence in Southeast Asia by not sufficiently incorporating that sub-region's leading international body, the Association of Southeast Asian Nations, into U.S. strategy toward the region.

Regional perceptions of the United States' commitment to the region were shaken by the Trump Administration's decision to withdraw from the proposed Trans-Pacific Partnership trade agreement in 2017. This decision also led to perceptions that the United States lacked an integrated regional strategy despite the region's economic importance to the United States. According to the State Department, two-way trade between the United States and the Indo-Pacific is $1.4 trillion and U.S foreign direct investment in the region is $860 billion a year.

The FOIP initiative may raise questions for Congress related to its oversight and appropriations roles

- Does the initiative fully account for the strategic and economic environment in the Indo-Pacific, including implications related to but going beyond the rise of China and its Belt and Road Initiative?
- Does the initiative correctly identify and adequately secure U.S. interests in the Indo-Pacific region?
- Does it place proper emphasis on developing diplomatic approaches and economic institutions as well as military responses when crafting a strategic vision for the region?
- Are U.S. Indo-Pacific military forces properly deployed to secure U.S. interests?
- Is future defense procurement adequately funded to secure U.S. interests?
- Is the value to the United States of working with friends and allies in the region properly understood and are these alliance and defense relationships being properly managed in order to leverage U.S. strategic posture in the region?
- Are American values properly taken into account in developing a FOIP strategy?

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Introduction

President Donald Trump called for a "Free and Open Indo-Pacific" (FOIP) in his remarks to the Asia Pacific Economic Cooperation (APEC) CEO Summit in Da Nang, Vietnam, in November 2017.[3] Congress has a substantial role in overseeing the FOIP initiative and setting resource levels for its policies. As it considers this role, Congress may consider broad U.S. strategy—including the level of priority placed on the Indo-Pacific region within the overall U.S. strategy; the proper strategy for managing China's rise as a global power; and the long-term role the United States seeks to play in the Indo-Pacific region. (See map below.) It has the opportunity to consider questions about resources and policies, and whether existing levels of appropriation for U.S. military activities, State Department operations, foreign assistance, public diplomacy, and other policy tools are proper for pursuing a FOIP strategy. It may also consider whether the initiative is properly balanced among security, economic, and diplomatic initiatives, and whether regional allies and partners are sufficiently incentivized to play a role in supporting U.S. goals and interests.

The report outlines the development of the FOIP initiative through policy statements and speeches before discussing some of the critique of the initiative. The report also considers the response of key regional states—including India, Japan, Australia, and China—before identifying issues for Congress, relevant policy documents, and legislation related to the strategy. Other CRS reports provide additional discussion of specific issues mentioned in this report.

Indo-Pacific vs. Free and Open Indo-Pacific (FOIP)

Discussion of strategic dynamics related to the "Indo-Pacific" has been developing for some time. In 2011, former Secretary of State Hillary Clinton began to conceptualize the Pacific and Indian Oceans as an increasingly integrated strategic space:

> The Asia-Pacific has become a key driver of global politics. Stretching from the Indian subcontinent to the western shores of the Americas, the region spans two oceans—the Pacific and the Indian—that are increasingly linked by shipping and strategy.[1]

Discussion of the increasingly integrated nature of the Asia-Pacific and the Indian Ocean regions has focused on trade and energy linkages as well as emerging strategic competition between India and China. The concept of a "Free and Open" Indo-Pacific builds on the geographic focus of the Indo-Pacific but also more explicitly adds a normative aspect to the concept. According to one analyst:

> Ultimately, the "Indo-Pacific" attempts to elevate the importance of the maritime domain and encapsulate the geopolitical consequences of China pushing west and India pushing east, creating an expanding zone of competitive overlap and progressively binding the Indian and Pacific Oceans to each other and to overland strategic developments in South and East Asia. Whereas the Indo-Pacific represents an effort to create a new geographic and geopolitical paradigm, the Free and Open Indo-Pacific is a normative concept imbued with the values, principles, and norms the United States and other Quad members see as underpinning the informal regional order.[2]

[1] Hillary Clinton, "America's Pacific Century," *Foreign Policy,* October 11, 2011.

[2] Jeff Smith, "Unpacking the Free and Open Indo-Pacific," *War on the Rocks,* March 14, 2018.

[3] The White House, "Remarks by President Trump at APEC CEO Summit, Da Nang, Vietnam," November 10, 2017.

Figure 1. The Indo-Pacific

Source: Map prepared by Hannah Fischer and Amber Wilhelm with CRS.

Overview

Through a series of statements and reports, the Trump Administration has outlined a goal to promote a "free and open Indo-Pacific" region (FOIP) which also seeks to integrate U.S. strategy toward East Asia and South Asia, two regions that have often been addressed in relative isolation. The 2017 National Security Strategy (NSS) defines the Indo-Pacific as stretching from "the west coast of India to the western shores of the United States."[4] Others have defined the Indo-Pacific region more broadly to include the western reaches of the Indian Ocean littoral as well.[5] The Administration's FOIP concept remains relatively amorphous, but in recent months Administration officials have begun to make policy announcements that further develop the strategic concept.

The free and open Indo-Pacific concept adopts many elements of previous administrations' policies. It also responds to a number of challenges deriving from China's continuing economic growth and military modernization, and from its increasingly assertive and outward-reaching economic and security policies.

The Administration's NSS, argues that, "a geopolitical competition between free and repressive visions of world order is taking place in the Indo-Pacific region." It further states,

> Although the United States seeks to continue to cooperate with China, China is using economic inducements and penalties, influence operations, and implied military threats to persuade other states to heed its political and security agenda…. China presents its ambitions as mutually beneficial, but Chinese dominance risks diminishing the sovereignty of many states in the Indo-Pacific.

For some analysts, the Trump Administration's FOIP initiative echoes the Obama Administration's policy of "strategic rebalancing" to the Asia-Pacific. That initiative sought to promote rules-based political, economic and security regimes for Asia, and under which the United States joined the regional East Asia Summit (EAS) grouping, concluded agreements with Australia and the Philippines to allow U.S. troop rotations, pledged to shift U.S. naval posture to give greater weight to the Asia-Pacific, and concluded the 12-nation TPP (though it did not ratify the pact).[6] The Trump Administration has continued many of these initiatives, with the notable exception of its decision to withdraw the United States from the TPP.

The Trump Administration has pursued other initiatives in the Indo-Pacific region, including diplomacy with North Korea over Pyongyang's nuclear weapons program and the imposition of broad-based tariffs against Chinese goods and on steel, aluminum, and autos, which affect others in the region, particularly Japan and South Korea. It has negotiated an agreement in principle to modify the Korea-United States Free Trade Agreement (KORUS) and called on allies, including

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[4] *The National Security Strategy of the United States of America*, The White House, December 2017.

[5] For example Indian Prime Minister Narendra Modi has defined the region as extending from "the shores of Africa to that of the Americas." Prime Minister Modi, "Prime Minister's Keynote Address at Shangri La Dialogue," Ministry of External Affairs, Government of India, June 1, 2018. Visiting India in 2007, Prime Minister Shinzo Abe gave a speech to the Indian Parliament, saying, "The Pacific and the Indian Oceans are now bringing about a dynamic coupling as seas of freedom and of prosperity. A 'broader Asia' that broke away geographical boundaries is now beginning to take on a distinct form. Our two countries have the ability—and the responsibility—to ensure that it broadens yet further and to nurture and enrich these seas to become seas of clearest transparence." "Confluence of the Two Seas," Speech by H.E. Mr. Shinzo Abe, Prime Minister of Japan at the Parliament of the Republic of India, August 22, 2007, http://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html. See also Aparne Pande and Saturo Nagao, "Whose Indo-Pacific?" *The American Interest*, August 3, 2018.

[6] CRS Report R42448, *Pivot to the Pacific? The Obama Administration's "Rebalancing" Toward Asia*, coordinated by Mark E. Manyin.

Japan and South Korea, to bear more of the costs of stationing U.S. troops in Asia. It is unclear how the FOIP concept relates to these initiatives. Apparent contradictions between various initiatives may have increased skepticism in the region about the Administration's goals, and in particular, in light of the TPP decision, its commitment to having a significant economic component to the FOIP.

Inherent in the strategic rationale for the FOIP concept is the emergence of India and South Asia as an important strategic region, which generates the argument that U.S. strategy needs to have a more integrated approach to the Indian Ocean Region (IOR) and the Pacific. The Administration has pursued efforts to bring India more directly into regional initiatives, including through reviving a concept first raised in the George W. Bush Administration to form closer cooperation with Japan, Australia, and India as a four-member group called the "Quad."

In an April 2018 briefing on the FOIP, a State Department official described the rationale:

> Number one, it acknowledges the historical reality and the current-day reality that South Asia, and in particular India, plays a key role in the Pacific and in East Asia and in Southeast Asia. That's been true for thousands of years and it's true today. Secondly, it is in our interest, the U.S. interest, as well as the interests of the region, that India play an increasingly weighty role in the region. India is a nation that is invested in a free and open order. It is a democracy. It is a nation that can bookend and anchor the free and open order in the Indo-Pacific region, and it's our policy to ensure that India does play that role, does become over time a more influential player in the region.[7]

Strategic Context

Strategic dynamics in the Indo-Pacific region are undergoing significant change. Relatively new or renewed security challenges in the East China Sea, the South China Sea, and along the China-India border are being added to older challenges including potential conflict on the Korean Peninsula; tensions between India and Pakistan; and Taiwan. Many regional analysts also view the United States' post-World War II hub and spoke system of alliances as no longer sufficient to underwrite regional security and are seeking to augment this system with new security partnerships and networks.[9]

Potential Flash Points

How would a fully developed FOIP strategy seek to ameliorate or address potential conflicts that could arise from flashpoints in the Indo-Pacific region? Potential flashpoints across the Indo-Pacific include:

- the Korean Peninsula;
- Taiwan;
- the South China Sea;
- the Pakistan-India border; and
- the China-India border.

These areas are discussed in more detail in other CRS reports.[8]

[7] Deputy Assistant Secretary Alex Wong, "Briefing on the Indo-Pacific Strategy," Department of State, April 2, 2018.

[8] For example see CRS Report R42784, *China's Actions in South and East China Seas: Implications for U.S. Interests—Background and Issues for Congress*, by Ronald O'Rourke; CRS Report R41259, *North Korea: U.S. Relations, Nuclear Diplomacy, and Internal Situation*, coordinated by Emma Chanlett-Avery; CRS In Focus IF10275, *Taiwan: Select Political and Security Issues*, by Susan V. Lawrence; CRS In Focus IF10607, *South China Sea Disputes: Background and U.S. Policy*, by Ben Dolven, Susan V. Lawrence, and Ronald O'Rourke; CRS Report R44876, *India-U.S. Relations: Issues for Congress*, coordinated by K. Alan Kronstadt, India-U.S. Relations: Issues for Congress, by Alan Kronstadt; and CRS Insight IN10748, *China-India Border Tensions at Doka La*, by Bruce Vaughn.

[9] William Tow, "Alliances, Partnerships and Architectures," International Studies Association Conference, Hong Kong, June 16, 2017.

The NSS places a clear focus on the challenges inherent in China's growing influence and marks, in the view of many, a fundamental shift in the U.S. approach to China's rise. It makes the observation that:

> For decades, U.S. policy was rooted in the belief that support for China's rise and for its integration into the post-war international order would liberalize China. Contrary to our hopes, China expanded its power at the expense of the sovereignty of others.[10]

The NSS describes China as seeking "to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor." To counter such perceived Chinese aims, the NSS states that the United States will, among other things

- "compete with all tools of national power to ensure that regions of the world are not dominated by one power";
- "work with our partners to contest China's unfair trade and economic practices and restrict its acquisition of sensitive technologies"; and
- "help South Asian nations maintain their sovereignty as China increases its influence in the region" and offer African countries U.S. goods and services "as an alternative to China's often extractive economic footprint on the continent."

Insight into the Administration's views on China in the context of the Indo-Pacific strategy were provided by former Secretary of State Tillerson, who described China's rise in October 2017 as:

> at times undermining the international, rules-based order even as countries like India operate within a framework that protects other nations' sovereignty. China's provocative actions in the South China Sea directly challenge the international law and norms that the United States and India both stand for. The United States seeks constructive relations with China, but we will not shrink from China's challenges to the rules-based order and where China subverts the sovereignty of neighboring countries and disadvantages the U.S. and our friends. In this period of uncertainty and somewhat angst, India needs a reliable partner on the world stage. I want to make clear: with our shared values and vision for global stability, peace, and prosperity, the United States is that partner.[11]

The Administration appears to be acting in accordance with a central long-term tenet of U.S. strategic thinking, which is that the United States cannot allow any one power, or coalition of powers, to dominate the Eurasian landmass, as such a power or coalition would have the ability to significantly threaten the United States and its interests.[12]

Among the challenges the Administration may be responding to in developing the FOIP are

- the growth of China's Belt and Road Initiative (BRI), under which Beijing pledges to finance infrastructure development across the region, and which many analysts argue would strengthen China both geopolitically and economically, at the expense of the United States, and give China leverage with investment recipients;

[10] National Security Strategy, p. 25.

[11] Secretary of State Rex Tillerson, "Remarks on 'Defining Our Relationship with India for the Next Century,'" U.S. Department of State, October 18, 2017, http://www.state.gov/secretary/remarks.

[12] See CRS In Focus IF10485, *Defense Primer: Geography, Strategy, and U.S. Force Design*, by Ronald O'Rourke.

- China's continued military modernization, and its militarization of the artificial islands it has built in the South China Sea, which many analysts argue has altered the strategic landscape of East Asia;[13]
- the expansion of China's naval activities in the Indian Ocean Region (IOR) and strategic mistrust between China and India;
- China's continued growth as a trade, lending, and investment partner for many in the region, which some analysts fear will give Beijing greater leverage over neighbors in both East Asia and South Asia;
- concerns across the Indo-Pacific about the sustainability of U.S. commitment to the region, given U.S. strategic commitments in other regions and budgetary constraints facing both military spending and overall foreign assistance;
- the Trump Administration's decision to withdraw the United States from the proposed 12-nation Trans-Pacific Partnership trade agreement (TPP) in January 2017, which has contributed to regional perceptions that the United States may lack an overall economic strategy toward the region; and
- the prospect that China is challenging Western liberal democratic values and the United States' network of alliances and strategic relationships in the Indo-Pacific.[14]

The NSS also describes Russia as seeking to undermine the international, rules-based order, and some analysts have raised concerns about signs of increasing cooperation between China and Russia. Chinese military forces participated in the Russian military exercise Vostok in September 2018 in the Trans-Baikal region of Russia, and Russian and Chinese businesses are reportedly considering joint investment projects worth an estimated $100 billion.[15]

Vostok-2018 was held in Russia's Far East and the Pacific Ocean and is thought to be the largest Russian war game in three decades. China's Ministry of National Defense has stated that the drills are:

> aimed at consolidating and developing the China-Russia comprehensive strategic partnership of coordination, deepening pragmatic and friendly cooperation between the two armies, and further strengthening their ability to jointly deal with varied security threats, which are conducive to safeguarding regional peace and security.[16]

According to one source, Vostok-2018 "highlights the growing closeness between Beijing and Moscow as the two great powers make common cause to challenge Washington's dominance of the liberal international world order."[17] One study attributes the deepening and broadening of the China-Russia relationship to

[13] See CRS Report RL33153, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress*, by Ronald O'Rourke, and CRS Report R42784, *China's Actions in South and East China Seas: Implications for U.S. Interests—Background and Issues for Congress*, by Ronald O'Rourke.

[14] M. Mazarr, T. Heath, A.S. Cevallos, *China and the International order*, RAND, 2018.

[15] Everet Rosenfeld, "Russia and China are Looking at Launching Joint Projects Worth More Than $100 Billion," CNBC, September 10, 2018.

[16] "Chinese Military to Participate in Strategic Drills in Russia," Xinhua, August 21, 2018.

[17] David Majumdar, "Vostok-2018: Russia (With China Making a Guest Appearance) Set for Largest Wargame in Over Three Decades," The National Interest, August 23, 2018.

> common objectives and values, perceived Russian and Chinese vulnerabilities in the face of U.S. and Western pressure, and perceived opportunities for the two powers to expand their influence at the expense of U.S., and allied countries that are seen in decline.[18]

Another source states, "Chinese participation in Russia's major annual military exercise is a signal that Beijing is ready to develop a closer partnership with Moscow if relations with the United States continue to deteriorate."[19] Yet further analysis describes the relationship as an entente.

> The Moscow-Beijing relationship, while not an alliance, is also more than the strategic partnership it still calls itself. It is best described as an entente—a basic agreement about the fundamentals of world order supported by a strong body of common interest.[20]

While projecting a "strong and unified image" suits the interests of both Beijing and Moscow relative to the United States and the West, mutual suspicions between the two nations continue.[21]

Geo-Economic Context

The Indo-Pacific region's economy is significant and important to the U.S. economy, and the Trump Administration has made adjusting perceived trade and other imbalances a high priority. In 2017, the region accounted for 57.6% of global population and 42.1% of global gross domestic product (GDP) on a purchasing power parity basis.[22]

The United States Millennium Challenge Corporation has granted $2.1 billion since 2004 to Indo-Pacific nations and the Overseas Private Investment Corporation (OPIC) "has a portfolio of $3.9 billion invested in the Indo-Pacific alongside American firms … for every dollar that OPIC has invested, the private sector has invested $2.76."[23] According to the U.S. Chamber of Commerce, the region will need to attract nearly $26 trillion in capital to fund its energy and infrastructure needs.[24] The Organization for Economic Co-operation and Development (OECD) expected that the number of middle-class people in Asia would rise from 525 million in 2009 to an estimated 3.2 billion in 2013.[25]

China's Belt and Road Initiative (BRI), which seeks to provide financing and investment for building infrastructure across the Eurasian landmass, in many ways presents a new geo-economic challenge and adds to regional perceptions of China's rise and America's relative decline.

President Trump's FOIP responds to China's initiative by offering a "renewed partnership with America to work together to strengthen the bonds of friendship and commerce between all of the

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[18] Robert Sutter, "China-Russia Relations: Strategic Implications and U.S. Policy Options," National Bureau of Asian Research, September 2018.

[19] Dimitri Gorenburg, "5 Things to Know About Russia's Vostok-2018 Military Exercises," *Washington Post*, September 13, 2018.

[20] Demitri Trenin, "Entente Is What Drives Sino-Russian Ties," Carnegie Moscow Center, September 12, 2018.

[21] Zi Yang, "Vostok 2018: Russia's and China's Diverging Common Interests," *The Diplomat*, September 17, 2018.

[22] Economist Intelligence Unit (EIU) *Data Tool*.

[23] Secretary of State Michael Pompeo, "Remarks on 'America's Indo-Pacific Economic Vision," U.S. Department of State, July 30, 2018.

[24] U.S. Chamber of Commerce, *Indo-Pacific Business Forum*, July 30, 2018, available at https://www.uschamber.com/event/indo-pacific-business-forum.

[25] OECD, "An Emerging Middle Class," *Observer*, 2012, available at http://oecdobserver.org/news/fullstory.php/aid/3681/An_emerging_middle_class.html.

nations of the Indo-Pacific, and together, to promote our prosperity and security." The President has also described the basis in which future trade relations would be built in the region:

> [W]e seek robust trade relationships rooted in the principles of fairness and reciprocity. When the United States enters into a trading relationship with other countries or other peoples, we will, from now on, expect that our partners will faithfully follow the rules just like we do. We expect that markets will be open to an equal degree on both sides, and that private industry, not government planners, will direct investment.... I will make bilateral trade agreements with any Indo-Pacific nation that wants to be our partner and that will abide by the principles of fair and reciprocal trade. What we will no longer do is enter into large agreements that tie our hands, surrender our sovereignty, and make meaningful enforcement practically impossible.[26]

The Administration's trade strategy was further discussed in its December 2017 National Security Strategy:

> The United States will encourage regional cooperation to maintain free and open seaways, transparent infrastructure financing practices, unimpeded commerce, and the peaceful resolution of disputes. We will pursue bilateral trade agreements on a fair and reciprocal basis. We will seek equal and reliable access for American exports. We will work with partners to build a network of states dedicated to free markets and protected from forces that would subvert their sovereignty. We will strengthen cooperation with allies on high-quality infrastructure. Working with Australia and New Zealand, we will shore up fragile partner states in the Pacific Islands region to reduce their vulnerability to economic fluctuations and natural disasters.[27]

The deterioration of trade relations between the United States and China may affect other aspects of the bilateral relationship, and has raised concerns among regional states whose economies are closely tied to trade with both countries. Some have viewed the evolving trade war with China as marking "the opening stages of a new economic Cold War," leading some to consider the possibility that "the United States may be in a protracted and economically damaging trade fight for years to come."[28]

Prospects for Free Trade Agreements with Indo-Pacific Countries

While the Trump Administration has indicated its support for entering into bilateral free trade agreements (FTAs) with countries in the Indo-Pacific region, it has had difficulty finding willing partners. Beginning in early 2017, the Administration began pressing Japan to enter into FTA negotiations.[29] Japanese government officials generally responded by urging the United States to rejoin the TPP.[30] However, on September 26, 2018, the United States and Japan issued a joint statement announcing their intent to negotiate a United States-Japan Trade agreement on goods,

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[26] The White House, "Remarks by President Trump at APEC CEO Summit, Da Nang, Vietnam, November 10, 2017," https://www.whitehouse.gov/briefings-statements/remarks-president-trump-apec-ceo-summit-da-nang-vietnam/.

[27] The White House, *National Strategy of the United States of America*, p. 47, https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905-1.pdf.

[28] Mark Landler, "Trump Has Put the U.S. and China on the Cusp of a New Cold War," *New York Times*, September 19, 2018.

[29] "Japan's Abe to Propose New Cabinet Level Talks with United States: Government Official," Reuters, February 8, 2017, https://www.reuters.com/article/us-usa-trump-japan/japans-abe-to-propose-new-cabinet-level-talks-with-united-states-government-official-idUSKBN15O05R.

[30] "Japan Exasperated by Trump's Trade Policies," Politico, October 15, 2017, https://www.politico.eu/article/japan-exasperated-by-trumps-trade-policies/.

and other "key areas" (such as services) that "can produce early achievements," and said that they would pursue negotiations on other trade and investment areas.[31] Japan made clear that market access for agricultural, forestry, and fishery products would be no greater than those afforded in previous economic partnership agreements. The United States indicated that it would focus on market access for motor vehicles. The statement further said that the two sides would "refrain from taking measures against the spirit of this joint statement" during the process of the trade negotiations. Japan has raised concerns that President Trump may invoke measures under the Section 232 Trade Act to impose increased tariffs on imported motor vehicles and parts, based on "national security" considerations.[32] The U.S.-Japan Joint Statement appears to exempt Japan from such tariff increases and may partially explain why Japan agreed to enter into trade negotiations with the United States in the first place.[33]

Some analysts contend that the Philippines may be next in line to enter FTA negotiations with the United States. In November 2017, following a meeting between President Trump and Philippine President Rodrigo Duterte, the two sides issued a joint statement, which noted that "the United States welcomed the Philippines' interest in a bilateral free trade agreement."[34] During his testimony before the Senate Appropriations Committee on July 26. 2018, U.S. Trade Representative Robert Lighthizer stated that there were "a number of countries" in East Asia that were interested in an FTA with the United States, and he singled out the Philippines as a country that "would be a first agreement" because of its "good location" and because "there are a lot of advantages to it."[35]

Many observers contend that the January 2017 U.S. withdrawal from the proposed TPP, a "high standard" FTA between the United States and 11 other Pacific Rim nations, has undermined U.S. credibility with many Asian countries on FTAs, while enhancing China's economic influence in the region because it is pursuing several FTAs in the Asia-Pacific region.[36] For example, it is participating in negotiations with 15 other countries (the 10 countries of the Association of Southeast Asian Nations (ASEAN) plus Japan, South Korea, India, Australia, and New Zealand) for a China-led Regional Comprehensive Economic Partnership (RCEP).[37] China is also pursuing a trilateral FTA with Japan and South Korea and has announced the goal of achieving an Asia-Pacific Free Trade Area.[38]

Some analysts contend that the ability of the United States to pursue FTAs in the Indo-Pacific region may be marred by the Trump Administration's focus on negotiating bilateral FTAs over

[31] The White House, "Joint Statement of the United States and Japan," September 26, 2018, https://www.whitehouse.gov/briefings-statements/joint-statement-united-states-japan/.

[32] See CRS In Focus IF10971, *Section 232 Auto Investigation*, coordinated by Rachel F. Fefer.

[33] "Japan's Embrace of Bilateral Trade Talks with U.S. Spares It from Tariffs," *New York Times*, September 27, 2018, https://www.nytimes.com/2018/09/27/world/asia/japan-trump-trade-talks-auto-tariffs.html.

[34] The White House, "Joint Statement Between the United States of America and the Republic of the Philippines," November 13, 2017, https://www.whitehouse.gov/briefings-statements/joint-statement-united-states-america-republic-philippines/.

[35] "Lighthizer: U.S. Is Close to Initiating Bilateral Talks with Southeast Asian, African Countries," *Inside U.S. Trade*, World Trade Online, July 26, 2018.

[36] The remaining 11 TPP members on March 8, 2018, concluded the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). For additional information, see CRS Insight IN10822, *TPP Countries Sign New CPTPP Agreement without U.S. Participation*, by Ian F. Fergusson and Brock R. Williams.

[37] See CRS In Focus IF10342, *What Is the Regional Comprehensive Economic Partnership?*, by Michael F. Martin et al.

[38] Foreign Policy, *Japan Tunes Out Trump to Save Trade Deal*, April 26, 2018, available at https://foreignpolicy.com/2018/04/26/japan-tunes-out-trump-to-save-trade-deal/.

regional ones, its insistence that FTAs be "reciprocal" and specifically address bilateral trade imbalances,[39] and its efforts to force trading partners to renegotiate past FTAs, such as the U.S.-Korean FTA (KORUS).[40] Others contend that the growing trade conflict between the United States and China over U.S.-imposed increased tariffs on U.S. imports from China under Section 301 has raised concerns among several Asian countries over how their economies could be impacted, which may in turn lessen their desire to sign an FTA with the United States.

Countering China's Economic Influence in the Region

Beyond concerns about unfair trade practices, many U.S. policymakers have raised concerns over China's large-scale financial support for infrastructure projects in the Indo-Pacific region (and elsewhere) under its Belt and Road initiative. Some analysts have praised the Trump Administration's attempt to become more economically engaged with countries in the region, especially to act as a counterweight to China's growing economic influence, promote best practices in lending, and to encourage the participation of the private sector:

> The Trump administration is rolling out a plan to offer the countries of Asia another option besides accepting investment from China's massive One Belt, One Road initiative. The nascent American plan is still tiny compared with what Beijing has to offer, but it could mark the beginning of an economic strategy to counter Beijing's growing regional economic influence ... The Trump administration now needs to put its money where its mouth is. Countries in Asia can't be expected to reject gobs of Chinese government funding, even if the terms are bad. But they should at least be given the option to do business with the United States, which would be much healthier for their economies and ours.[41]

The Trump Administration has sought cooperation with countries such as Japan to provide infrastructure financing as an alternative to Chinese projects. In November 2017, the Overseas Private Investment Corp. (OPIC) signed a memorandum of understanding with its Japanese counterpart, the Japan Bank for International Cooperation (JBIC), to cooperate on infrastructure financing. It is not clear, however, whether such cooperative ventures can bring resources to bear on a scale that could offer a genuine alternative to Chinese financing.

According to one source, some question whether the United States is "a trustworthy partner or a retreating power." Further, "[t]he countries in the region other than China are very anxious to keep the U.S. in the neighborhood, they don't want to be in debt to China or for China to be the only game in town. But it strikes me that what the Administration is proposing is minimal at best and isn't about to convince anyone that we are serious about our role" in the region.[42]

[39] The United States has merchandise trade deficits with 18 out of the 26 economies in Asia.

[40] See CRS In Focus IF10733, *U.S.-South Korea (KORUS) FTA*, coordinated by Brock R. Williams.

[41] "The Trump Administration Offers Asia an Alternative to Chinese Investment," July 30, 2018, *Washington Post*, https://www.washingtonpost.com/news/josh-rogin/wp/2018/07/30/the-trump-administration-offers-asia-an-alternative-to-chinese-investment/.

[42] "Can Pompeo, Appearing in Asia, Carry Off Role of Trusted Seller?," *Christian Science Monitor*, August 2, 2018, https://www.csmonitor.com/USA/Foreign-Policy/2018/0802/Can-Pompeo-appearing-in-Asia-carry-off-role-of-trusted-seller.

The Trump Administration's Articulation of Its Free and Open Indo-Pacific (FOIP) Concept and Initiatives

President Trump outlined his "vision for a free and open Indo-Pacific" while speaking to the Asia Pacific Economic Cooperation (APEC) CEO Summit in Vietnam in November 2017.[43] Beyond the National Security Strategy (NSS) and the National Defense Strategy (NDS), Trump Administration officials have sought to articulate the Indo-Pacific strategy in numerous statements including Secretary of State Pompeo's economic and security cooperation initiatives announced in July and August 2018.

In a July 2018 speech, Secretary of State Mike Pompeo described the FOIP initiatives goals:

> When we say "free" Indo-Pacific, it means we all want all nations, every nation, to be able to protect their sovereignty from coercion by other countries. At the national level, "free" means good governance and the assurance that citizens can enjoy their fundamental rights and liberties. When we say "open" in the Indo-Pacific, it means we want all nations to enjoy open access to seas and airways. We want the peaceful resolution of territorial and maritime disputes. This is key for international peace and for each country's attainment of its own national aims. Economically, "open" means fair and reciprocal trade, open investment environments, transparent agreements between nations, and improved connectivity to drive regional ties—because these are the paths for sustainable growth in the region.[44]

National Security Strategy

The 2017 National Security Strategy (NSS) of the Trump Administration declares that "great power competition [has] returned" and places significant emphasis on the Indo-Pacific while describing China, along with Russia, as revisionist powers and competitors challenging "American power, influence and interests" while "attempting to erode American security and prosperity."[45] One observer states that, "The biggest departure from previous NSS documents is the placement of the Indo-Pacific discussion—at the very top of the regions considered, above Europe and the Middle East."[46]

The NSS states that, "we welcome India's emergence as a leading global power and stronger strategic and defense partner." It goes on to say that the United States will expand and deepen its security cooperation and strategic partnership with India while supporting India's leadership role in the Indian Ocean region. The NSS also states: "We will seek to increase quadrilateral cooperation with Japan, Australia and India."[47]

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[43] The White House, "Remarks by President Trump at APEC CEO Summit/Da Nang, Vietnam," November 10, 2017.

[44] Secretary of State Michael Pompeo, "Remarks on "America's Indo-Pacific Economic Vision," July 30, 2018.

[45] The Indo-Pacific concept encompasses parts of the Indian and Pacific Oceans. Mercy Kuo, "The Origin of 'Indo-Pacific as Geopolitical Construct," *The Diplomat*, January 25, 2018.

[46] Alyssa Ayres, "More Prominence for India and the Indo-Pacific in the U.S. National Security Strategy," Council on Foreign Relations, December 19, 2017.

[47] National Security Strategy of the United States of America, December, 2017, pp. 2, 25, 46, 47, 50.

National Defense Strategy

The 2018 National Defense Strategy frames the reemergence of long-term, strategic competition by revisionist powers as the central challenge to the United States' prosperity and security. The NDS accuses China of "leveraging military modernization, influence operations, and predatory economics to coerce neighboring countries to reorder the Indo-Pacific region to their advantage." Echoing the NSS, the NDS argues that China seeks "Indo-Pacific regional hegemony in the near-term." The NDS goes further, however, in adding that China also seeks "displacement of the United States to achieve *global* preeminence in the future. (*emphasis added*)"[48] The National Defense Strategy also prioritizes expanding Indo-Pacific alliances and partnerships to achieve a "networked security architecture capable of deterring aggression, maintaining stability, and ensuring free access to common domains ... [and] preserve the free and open international system."[49]

In the maritime security realm, the Administration has echoed statements from previous administrations about protecting freedom of navigation and respect for international law in resolving East Asian maritime disputes, and it has increased the frequency of Freedom of Navigation Operations (FONOPs) in the South China Sea to challenge Chinese maritime claims. It has sought to deepen other regional partnerships, and in March 2018, the USS *Carl Vinson* made the first visit to Vietnam by a U.S. aircraft carrier since the Vietnam War.

President Trump has also supported significant increases in defense spending. According to one source:

> The Trump administration—with help from the Republican-controlled Congress—has added more than $200 billion to the projected levels of defense spending for fiscal years 2017 through 2019. Shortly after taking office, President Donald Trump added $15 billion to former President Barack Obama's FY 2017 budget, and he proposed a FY 2018 budget of $639 billion. This represented an increase of $56 billion, or 10 percent, over the proposed FY 2017 budget.[50]

President Trump signed the 2019 National Defense Authorization Act which authorizes $717 billion in defense spending. It is estimated that the United States will spend $14.5 million in Australia, $83.3 million in the British Indian Ocean Territory, $5,155.3 million in Japan, $3,464.0 million in the Republic of Korea, and $77.5 million in Singapore on Defense related overseas operations and maintenance costs in FY2019.[51]

As noted, the FOIP initiative remains relatively amorphous, but the Trump Administration in 2018 has announced a number of actions that analysts suggest begin to fill in some of the details. Its actions include:

- restarting the "Quad" concept by holding senior official meetings with the other Quad members in Manila in November 2017;
- renaming the United States Pacific Command to be the Indo-Pacific Command;

[48] Department of Defense, *National Defense Strategy of the United States of America, Sharpening the American Military's Competitive Edge*, January 2018.

[49] Department of Defense, *Summary of the 2018 National Defense Strategy of the United States of America, Sharpening the American Military's Competitive Edge*, January 2018.

[50] Lawrence Korb, "Trump's Defense Budget," *Center for American Progress*, February 28, 2018.

[51] Office of the Undersecretary of Defense (Comptroller)/Chief Financial Officer, *Operations and Maintenance Overview Fiscal Year 2019 Budget Estimates*, March 2018.

- announcing strategic initiatives to provide $300 million in security assistance to improve security relationships across the Indo-Pacific;
- increasing the frequency of Freedom of Navigation Operations (FONOPS) to challenge Chinese assertions of sovereignty in the South China Sea;
- announcing economic initiatives totaling $113 million to promote digital connectivity, energy and infrastructure; and
- seeking partnerships with other institutions, including the Japan Bank for International Cooperation (JBIC), to provide infrastructure financing alternatives to China's BRI.

"Quad" Meetings

The Trump Administration revived a concept first raised in the George W. Bush Administration to form closer cooperation with Japan, Australia, and India under a Quadrilateral group called the "Quad." The grouping arose from the devastating 2004 Indian Ocean earthquake and tsunami. The Quad has been defined as "a loose geostrategic alignment of states concerned with China's potential challenge to their interests."[52] As such, some observers view it as a strategic responses to China's rise in the Indo-Pacific. The Quad was first convened on the sidelines of the ASEAN Regional Forum in May 2007. Following this, Australia's then-Prime Minister Kevin Rudd reconsidered Australia's commitment to the Quad in part because of concerns that it would antagonize China, leading to a 10-year hiatus of Australian government interest in participation.[53] Australia, India, Japan, and the United States held senior official consultations on the Indo-Pacific in November 2017 in Manila.[54] Senior officials from the United States, Australia, India, and Japan then met in June 2018 and "reiterated strong support for ASEAN centrality and ASEAN-led mechanisms in the evolving regional architecture."[55]

The Quad raises the role of values, as well as interests, in regional security groups. In October 2017, U.S. Acting Assistant Secretary for South and Central Asian Affairs Alice Wells stated, "I think the idea is how do we bring together countries that share these same values to reinforce these values in the global architecture." Wells went on to describe the Quad as "providing an alternative to countries in the region who are seeking needed investment in their infrastructure" so that they have "alternatives that don't include predatory financing or unsustainable debt."[56] Some have wondered how less democratic nations would fit into a values based approach to the region.[57]

[52] John Hemmings, "A Reborn Quadrilateral to Deter China," *The Lowy Interpreter*, November 9, 2017.

[53] Vandana Menon, "The Quad: A Partnership to Address the Changed Geopolitics of the Indo-Pacific," *The Print*, November 14, 2017. Grant Wyeth, "Why Has Australia Shifted Back to the Quad?" *The Diplomat*, November 16, 2017.

[54] U.S. Department of State, "Australia-India-Japan-United States Consultations on the Indo-Pacific," November 12, 2017.

[55] U.S. Department of State, "U.S.-Australia-India-Japan Consultations," June 7, 2018.

[56] "Briefing by Acting Assistant Secretary for South and Central Asian Affairs Alice Wells," *US Fed News*, October 27, 2017.

[57] S. Miglani, "China Is a Disruptive Force, US Pacific Military Chief Says," Reuters, January 18, 2018.

Indo-Pacific Command

In May 2018, Defense Secretary Mattis announced that the former U.S. Pacific Command would be renamed the Indo-Pacific Command. He did so "in recognition of the increasing connectivity between the Indian and Pacific Oceans."[58] The Indo-Pacific Command is one of six U.S. geographic combatant commands and covers approximately 50% of the world's population. Approximately 375,000 U.S. military and civilian personnel are assigned to the USINDOPACOM area of responsibility.[59]

One concern some have raised in relation to the Administration's geographic definition of the Indo-Pacific, which according to the NSS extends from "the west coast of India to the western shores of the United States," is that it excludes the western reaches of the Indian Ocean. The western Indian Ocean falls within the Central Command and Africa Command areas of responsibility.[60] It has been argued that "This issue of 'seams,' or arbitrary bureaucratic separations, bedevils Washington's ability to cover the Indo-Pacific adequately."[61]

Indo-Pacific Initiatives

In his 2018 speech to the Shangri-La Dialogue, Secretary of Defense Mattis affirmed the critical importance of the Indo-Pacific, viewed ASEAN centrality as vital, and welcomed cooperation with China wherever possible. Mattis also highlighted the priority of deepening alliances and partnerships in the region. Mattis added that "while we explore new opportunities for meaningful multilateral cooperation, we will deepen our engagement with existing regional mechanisms at the same time." Mattis also stated, "We do not practice predatory economics, and we stand consistent with our principles. The U.S. strategy recognizes no one nation can or should dominate the Indo-Pacific." During his remarks Mattis emphasized several themes including expanding attention to the maritime space, interoperability, strengthening the rule of law, civil society and transparent governance, and private sector-led economic development.[62]

Secretary of State Pompeo announced the Trump Administration's intent to provide $300 million in security assistance to improve security relationships across the Indo-Pacific. (See table below.) This security assistance would fund projects related to maritime security—including in Southeast Asia and the Pacific Islands as well as the Bay of Bengal- Humanitarian Assistance/Disaster Relief, Peacekeeping Operations, and Countering Transnational Crime.[63]

On July 30, 2018, U.S. Secretary of State Mike Pompeo announced "$113.5 million in new U.S. initiatives to support foundational areas of the future: digital economy, energy, and infrastructure," and indicated that this represented "just a down payment on a new era in U.S. economic commitment to peace and prosperity in the Indo-Pacific region." The three initiatives and initial funding levels include the Digital Connectivity and Cybersecurity Partnership (at $25

[58] Jim Garamone, "Pacific Command Change Highlights Growing Importance of Indian Ocean Area," *DoD News*, May 30, 2018.

[59] United States Indo-Pacific Command, "About USINDOPACOM," http://www.pacom.mil/About-USINDOPACOM/

[60] See U.S. Department of Defense, "Africa Command" and "Central Command," https://www.defense.gov/know-your-military/combatant-commands/.

[61] Alyssa Ayres, "The U.S. Indo-Pacific Strategy Needs More Indian Ocean," Council on Foreign Relations, May 25, 2018.

[62] U.S. Department of Defense, "Remarks by Secretary Mattis at Plenary Session of the 2018 Shangri-La Dialogue," June 2, 2018.

[63] Department of State, "U.S. Security Cooperation in the Indo-Pacific Region," August 4, 2018.

million); Enhancing Development and Growth through Energy (nearly $50 million); and Infrastructure Transaction and Assistance Network (nearly $30 million).[64] The United States, Japan, and Australia have formed a trilateral partnership to mobilize investment to "foster a free, open, inclusive and prosperous Indo-Pacific."[65] Secretary Pompeo also referenced legislation in Congress that would reorganize, and in some case expand, U.S. trade and development programs, including the Better Utilization of Investments Leading to Development (BUILD) Act (H.R. 5105 in the House and S. 2463 in the Senate).[66] He stated that the House-passed bill would more than double (to $60 billion dollars) the U.S. government's development finance capacity (although it is not clear how much would be dedicated to the Indo-Pacific region).

Table 1. U.S. Assistance to the Indo-Pacific, by Country, FY2015-2019[67]

current $ in thousands

Country and Population	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Request	FY2019 Request	% Change FY2017 actual - FY2019 req.
Bangladesh	163,067	179,520	225,973	138,460	120,860	-47%
Burma	96,700	86,308	118,484	63,200	64,186	-46%
Cambodia	76,526	83,504	88,332	21,490	22,931	-74%
China	12,225	25,300	23,800	1,500	0	-100%
Fiji	213	186	189	200	200	6%
India	87,734	85,202	87,654	33,300	42,111	-52%
Indonesia	136,914	129,075	133,126	89,040	66,682	-50%
Laos	18,297	28,020	54,780	10,450	12,575	-77%
Malaysia	2,252	2,208	1,491	2,420	2,020	35%
Maldives	3,354	3,311	545	440	440	-19%
Marshall Islands	500	500	447	0	0	-100%
Micronesia	500	500	447	0	0	-100%
Mongolia	7,134	3,813	5,189	1,750	1,750	-66%
Nepal	101,002	106,570	115,014	38,775	40,525	-65%
Papua New Guinea	6,498	6,210	6,050	2,200	2,879	-52%
Philippines	176,123	158,595	139,960	70,340	118,340	-15%
Samoa	82	80	52	100	100	92%
Singapore	240	250	200	200	200	0

[64] U.S. Department of State, *Remarks U.S. Secretary of State Michael R. Pompeo at the Indo-Pacific Business Forum, U.S. Chamber of Commerce, on "America's Indo-Pacific Economic Vision,"* July 30, 2018, available at https://www.state.gov/secretary/remarks/2018/07/284722.htm. Office of the Spokesperson, "Advancing a Free and Open Indo-Pacific," U.S. Department of State, July 30, 2018.

[65] "The U.S., Australia and Japan Announce Trilateral Partnership on Infrastructure Investment in the Indo-Pacific," U.S. Embassy Canberra, July 30, 2018.

[66] For additional information on these proposals, see CRS Report R45180, *OPIC, USAID, and Proposed Development Finance Reorganization*, by Shayerah Ilias Akhtar and Marian L. Lawson.

[67] Department of State and U.S. Agency for International Development (U.S. AID) development and security assistance.

Country and Population	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Request	FY2019 Request	% Change FY2017 actual - FY2019 req.
Sri Lanka	3,927	42,504	38,478	3,380	11,480	-70%
Thailand	6,220	5,630	7,185	1,870	1,870	-74%
Timor-Leste	11,794	10,198	18,457	400	2,400	-87%
Tonga	248	234	243	200	200	-18%
Vietnam	89,090	111,411	135,105	82,070	76,501	-43%
State EAP Regional Programs	79,249	29,918	55,653	27,370	44,370	-20%
USAID Regional Development Mission-Asia	59,382	50,001	28,171	18,500	13,780	-51%
USAID South Asia Regional	800	541	484	0	0	-100%
State South and Central Asia Regional	2,284	1,930	4,430	6,430	3,860	-13%
TOTAL	1,142,355	1,151,519	1,289,939	614,085	650,260	-49.6%

Source: Congressional Budget Justifications for Foreign Operations FY2017-FY2019.

Notes: Not including Millennium Challenge Corporation (MCC) assistance. FY2018 actual amounts are not yet available.

Table 2. U.S. Foreign Assistance to East Asia and the Pacific Region, by Account, FY2017-FY2019

current $ in thousands

Account	FY2017 Actual	FY2018 Request	FY2019 Request
Development Assistance (DA)	261,083	—	—
Economic Support and Development Fund (ESDF)	—	183,000	204,000
Economic Support Fund (ESF)	146,200	—	—
Foreign Military Financing (FMF)	93,600	—	42,000
Global Health Programs-Department of State (GHP-State)	53,575	64,500	40,609
Global Health Programs-USAID (GHP-USAID)	144,750	66,850	69,350
International Military Education and Training (IMET)	10,629	10,350	9,825
International Narcotics Control and Law Enforcement (INCLE)	38,173	28,450	25,450
Nonproliferation, Anti-terrorism, De-mining, and Related Programs (NADR)	68,060	40,150	39,750
TOTAL	817,361	393,300	430,984

Source: Congressional Budget Justifications for Foreign Operations FY2017-FY2019.

Notes: FY2018 actual amounts are not yet available.

Under both the FY2018 and FY2019 budget requests, the Development Assistance (DA) and Economic Support Fund (ESF) accounts are merged with other accounts and funded through a new Economic Support and

Development Fund (ESDF) account. The Consolidated Appropriations Act, FY2018 (P.L. 115-141) did not include the proposed account mergers and eliminations and used the same Foreign Operations accounts as the FY2017-enacted appropriation.

Table 3. U.S. Foreign Assistance to South Asia, by Account

current $ in thousands

Account	FY2017 Actual	FY2018 Request	FY2019 Request
Development Assistance (DA)	112,788	—	—
Economic Support and Development Fund (ESDF)	—	120,000	121,430
Economic Support Fund (ESF)	123,676	—	—
Foreign Military Financing (FMF)	3,700	—	—
Global Health Programs-Department of State (GHP-State)	15,708	10,000	5,311
Global Health Programs-USAID (GHP-USAID)	147,750	73,925	75,675
International Military Education and Training (IMET)	4,318	4,450	4,450
International Narcotics Control and Law Enforcement (INCLE)	5,000	3,000	3,000
Nonproliferation, Anti-terrorism, De-mining, and Related Programs (NADR)	11,910	9,410	9,410
TOTAL	424,850	220,785	219,276

Source: Congressional Budget Justifications for Foreign Operations FY2017-FY2019.

Notes: Not including Afghanistan and Pakistan. FY2018 actual amounts are not yet available.

Critiques of the FOIP Strategy

While the Trump Administration's Free and Open Indo-Pacific initiative has been viewed by some observers as seeking to reshape America's strategic approach to the region and manage China's rise, one source takes the view that "allies and adversaries alike are left wondering if the United States really has the will and resources to make it happen" adding that:

> While the region welcomes the aspirations of the Indo-Pacific strategy as a sign of broader strategy and regional engagement, the challenge right now is that it's just aspirational—a set of goals with no real strategy, policy enumeration or implantation plan, let alone resourcing and budget.[68]

Others argue that the initial set of FOIP related initiatives are relatively small in scope. One South Asia expert has written that "The $113 million in assistance will clearly not scratch the surface of the financing needs in the Indo-Pacific region."[69]

Some observers point out that the Trump Administration withdrew the United States from the proposed Trans Pacific Partnership (TPP) and have criticized the FOIP's economic initiatives as well short of China's commitments to the region which, while generally believed to be overstated

[68] Josh Rogin, "Trump's Indo-Pacific Strategy: Where's the Beef," *Washington Post*, June 6, 2018.

[69] Alyssa Ayers, "Pompeo's Indo-Pacific Strategy Is Just a Start," *CNN*, July 30, 2018.

in the media, are also thought to be in the billions.[70] Another key concern some have with the strategy is that it lacks a comprehensive economic component sufficient to accomplish its goals.[71]

Others point to problems in messaging related to the FOIP concept. Some analysts argue that regional states tend to underestimate the value and importance of U.S. economic engagement with the region when it is compared with Belt and Road Initiatives by China because U.S. foreign direct investment (FDI) is largely not state-led.

The FOIP concept's emphasis on India, Japan, and Australia has led some to question where this leaves the concept of ASEAN centrality in America's strategy towards the region.[72] Similarly, some ask whether U.S. treaty ally South Korea should have greater prominence in the initiative. The Trump Administration has emphasized that its FOIP concept is about an open system, one open to others beyond the Quad countries. Some have observed a reticence on the part of India to engage more fully with the Quad. Some view this as being driven by a reluctance to antagonize China. If this is the case, then there are significant limits on how far such a strategy can go.

India, Australia, Japan and the Free and Open Indo-Pacific

While the Administration has expressed a desire to work with all like-minded partners in the Indo-Pacific region that "share its vision of a stable and prosperous Indo-Pacific where sovereignty is upheld and a rules based system is respected,"[73] the Administration's Free and Open Indo-Pacific strategy has placed relatively more emphasis on relations with India, Japan, and Australia. While generally supportive of the Trump Administration's approach, these potential partners have sometimes divergent views and goals.

India

New Delhi has generally welcomed the U.S. Indo-Pacific strategy to date, seeing in it a qualitatively new recognition of India's growing role in many vital political, economic, and security issues. When then-Secretary of State Tillerson discussed the U.S. strategy in October 2017, it came in the context of a major policy speech on U.S.-India relations.[74] Indian leaders were encouraged by Tillerson's contention that China has risen "less responsibly" than India, "at times undermining the international rules-based order." He also said that, "We need to collaborate with India to ensure that the Indo-Pacific is increasingly a place of peace, stability, and growing prosperity—so that it does not become a region of disorder, conflict, and predatory economics."[75]

New Delhi has emerged as a leading regional opponent of China's BRI and, in concert with Washington and Tokyo, is seeking to develop regional alternatives to that Beijing-led initiative.

[70] Ankit Panda, "Pompeo's Indo-Pacific Speech: Geoeconomics on a Shoestring," *The Diplomat,* July 31, 2018.

[71] P. Parameswaran, "Trump's Indo-Pacific Strategy: Confronting the Economic Challenge," *The Diplomat,* July 31, 2018.

[72] Anton Tsvetov, "Will the Quad Mean the End of ASEAN Centrality?" *The Diplomat,* November 15, 2017. Stewart Patrick, "ASEAN Centrality in Managing a Geopolitical Jigsaw Puzzle," Council on Foreign Relations, April 25, 2018.

[73] "The New Indo-Pacific Strategy," VOA, April 6, 2018.

[74] See the October 18, 2017, remarks on "Defining Our Relationship with India for the Next Century" at https://go.usa.gov/xQN8X.

[75] Ibid. See also C. Raja Mohan, "Donald Trump's 'Indo-Pacific' and America's India Conundrum," ISAS Insights, November 13, 2017.

The China Pakistan Economic Corridor (CPEC), in particular, has spurred efforts by New Delhi to increase its commercial connectivity with Afghanistan and Central Asia via Iran.[76] (Pakistan, for its part, warns that the U.S. Indo-Pacific strategy could create a "new Cold War" in Asia through the creation of rival blocs.[77]) India also anticipates accruing further benefits from the expanding U.S.-India defense partnership and through its new status as a Major Defense Partner of the United States, with Washington expressing eagerness to see India play an increasing role as a "net security provider" in the Indian Ocean region.[78] The Indian navy is a regular participant in the annual trilateral "Malabar" exercises with the United States and Japan.[79]

Yet New Delhi is simultaneously viewed as being hesitant to antagonize its more powerful neighbor to the north, preferring to characterize China's rise as a "challenge" rather than a "threat" to India, and recently pursuing a "reset" of bilateral relations and reduction of tensions.[80] This posture places limits on the extent to which India will engage in multilateral security arrangements that are perceived as being directed at China.[81] Moreover, a U.S. conception of an "Indo-Pacific region" that terminates at the western coast of India ("Hollywood to Bollywood") is irksome to some analysts who note that India has crucial interests in the IOR to its west. These include relations with Iran (development of the Chabahar port and access to Central Asia), the Persian Gulf (source of essential energy flows and home to millions of expatriate Indian workers), and the eastern coast of Africa (target of the Asia-Africa Growth Corridor—a joint India-Japan initiative—and home to a significant Indian diaspora).[82]

More broadly, other Indian analysts criticize New Delhi's alleged zeal for "bandwagoning" with the United States as a fruitless enterprise that only benefits Washington while bringing greater tension to the India-China relationship.[83] Such complaints have new persuasiveness among many

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[76] Daniel Kliman and Manpreet Anand, "Expanding US-India Geoeconomic Cooperation amid China's Belt and Road Initiative," Center for a New American Security, December 23, 2017; Harsh Pant and Ritika Passi, "India's Response to China's Belt and Road Initiative: A Policy in Motion," *Asia Policy*, July 2017.

[77] Author meeting with senior Pakistani diplomat, April 2018.

[78] The December 2017 U.S. National Security Strategy states, "We will expand our defense and security cooperation with India ... and support India's growing relationships throughout the region. ... We will deepen our strategic partnership with India and support its leadership role in Indian Ocean security and throughout the broader region" (see https://go.usa.gov/xQNXk).

[79] Abhijit Singh, "India Wants a Quad to Counteract China's Expanding Influence," Observer Research Foundation (New Delhi), January 25, 2018. New Delhi's November 2017 statement on "the quad" omitted mentions of freedom of navigation and maritime security that were found in both the American and Japanese versions (see the November 12, 2017, Indian government statement at http://www.mea.gov.in/press-releases.htm?dtl/29110/ IndiaAustraliaJapanUS_Consultations_on_IndoPacific_November_12_2017; and the U.S. State Department version at https://www.state.gov/r/pa/prs/ps/2017/11/275464.htm.

[80] A spate of high-level interactions in late 2017 included China visits by India's foreign secretary, national security adviser, and foreign and defense ministers, and culminated with the Indian prime minister's "informal" April 2018 summit meeting with the Chinese president in Wuhan, China, where the two leaders asserted that India and China "should join hands to take lead in offering innovative and sustainable solutions to challenges faced by humankind in the 21st century" (see the April 28, 2018, Indian government release at http://www.mea.gov.in/press-releases.htm?dtl/ 29853/IndiaChina_Informal_Summit_at_Wuhan).

[81] Some analysts contend that India is poorly suited to serve as the western "anchor" of the FOIP, given its apparent intentions to maintain strategic autonomy, and its perceived lack of the will and/or the capacity to effectively counterbalance China (see Michael Swaine, "Creating an Unstable Asia: The U.S. 'Free and Open Indo-Pacific' Strategy," Carnegie Endowment for International Peace, March 2, 2018).

[82] See, for example, Manoj Joshi, "Has the US Promise to 'Help India to Become a World Power' Gone Stale?" (op-ed), *Daily Mail* (London), October 22, 2017.

[83] MK Bhadrakumar, "Modi a Match for Trump as He Picks His Own Foreign Policy" (op-ed), *Asia Times* (Hong Kong), February 13, 2018.

Indian analysts as India takes a defiant posture toward potential U.S. retaliation for New Delhi's plans to purchase Russia's S-400 system and for ongoing significant Indian imports of oil from Iran.[84] Either of these actions could bring India under new U.S. sanctions, the threats of which provide new fuel for long-standing Indian arguments that the United States is not a reliable strategic partner. To date, the United States has not ruled out sanctions against India if it proceeds with the planned purchase of Russia's S-400 air defense system, and New Delhi appears intent on continuing purchases of Iranian oil beyond the deadline set by Washington.[85]

Japan

Since Prime Minister Shinzo Abe delivered a speech in front of the Indian Parliament in 2007 during his first term, Japan has been at the forefront of promoting the concept of the Indo-Pacific, and of pursuing quadrilateral cooperation among the region's largest maritime democracies: the United States, Japan, India, and Australia. Japan's eagerness to pursue the Quad appears driven above all by its concern over China's increasing power and influence in the region. Security concerns about China's intentions have spiked in Japan since a territorial dispute over a set of islands in the East China Sea (known as the Senkakus in Japan and the Diaoyutai in China) flared in 2010.

As this tension continues, Prime Minister Abe is anxious to establish a regional order that is not defined by China's economic, geographic, and strategic dominance. Expanding the region to include the South Asian subcontinent—some claim that Abe himself coined the concept of the "Indo-Pacific"—broadens the strategic landscape. Japan's insecurity is heightened by perceptions that the United States may be a waning power in the region.

The concept of the free and open Indo-Pacific is particularly appealing to Japan because of its strong relationships with India and Australia. India and Japan have both been keen to develop stronger ties for several years, particularly under the leadership of Prime Ministers Narendra Modi and Abe. During Abe's first stint as Prime Minister in 2006-2007, he pursued tighter relations with India, both bilaterally and as part of his "security diamond" concept. For India, deepening engagement with Japan is a major aspect of New Delhi's broader "Act East" policy. Under the two leaders, the countries have developed more bilateral dialogues at all levels of government, supported each other on areas of mutual concern, and bolstered educational and cultural exchanges. Modi and Abe share a forceful leadership style and appear to have established a strong personal rapport.

Analysts point to the lack of historical baggage between the two countries, mutual respect for democratic institutions, and the shared cultural and religious ties in Buddhism that have allowed the relationship to flourish. According to India's External Affairs Ministry, "The friendship between India and Japan has a long history rooted in spiritual affinity and strong cultural and civilizational ties." It notes that "the two countries have never been adversaries. Bilateral ties have been singularly free of any kind of dispute—ideological, cultural, or territorial."[86] Over the past decade, Beijing has at times wielded its new influence in ways that have alarmed other regional states, especially when Beijing is perceived as acting too assertively or even aggressively. This has been the case with Japan and India—both of which have long-standing

[84] "'2+2' Talks: India to Tell US Its Decision to Go Ahead with S-400 Deal with Russia," *Times of India*, September 2, 2018; "U.S. Sanctions Threaten India's Importation of Iranian Oil," *National Interest*, August 8, 2018.

[85] "'Can't Prejudge Sanctions Decisions': US Says After India-Russia S-400 Deal," *Times of India* (Delhi), October 5, 2018; "At Least One Major Country Won't Be Playing Ball with the U.S. on Iran Oil Sanctions," *Fortune*, October 8, 2018.

[86] "Bilateral Relations," Consulate General of India, Kobe-Osaka, December 2016.

territorial disputes with China—and leaders in the two countries have sought to increase their bilateral cooperation in apparent response.

Japan has also been steadily developing defense relations with Australia over the past decade. Australia is Japan's top energy supplier, and a series of economic and security pacts have been signed under Abe. In 2017, Tokyo and Canberra signed an updated acquisition and cross-servicing agreement (ACSA) and are in the process of negotiating a visiting forces agreement. As another U.S. treaty ally, Australia uses similar practices and equipment, which may make cooperation with Japan more accessible.

Although Japan had some difficult World War II history with Australia, Abe himself has made efforts to overcome this potential obstacle to closer defense ties. In 2014, during the first address to the Australian parliament by a Japanese Prime Minister, Abe explicitly referenced "the evils and horrors of history" and expressed his "most sincere condolences towards the many souls who lost their lives."[87]

As Prime Minister, Abe has accelerated reforms to Japan's Self Defense Forces (SDF) to make it a more flexible and advanced military. With a fractured opposition, Abe has been singularly successful in achieving these reforms, despite some misgivings among the public about whether Japan should develop a more muscular posture. Although Abe's political standing appears secure—in September 2018, he secured another three-year term as leader of Japan's ruling party—it is uncertain if his successor will embrace defense commitments that extend far beyond Japan's boundaries.

Japan is anxious to ensure that the United States remain a dominant presence in the region, and the Quad formulation demands that the United States assert leadership and stay engaged. In the past, the United States has generally encouraged the development of closer relationships among its allies and partners in Asia.

Defense analysts have coined the term "mini-laterals" to describe these groupings. Security cooperation—with the United States serving as a facilitator—has expanded, particularly in the maritime arena. The 2017 exercises featured aircraft carriers from all three navies (Japan calls its vessel a "helicopter destroyer") and focused on anti-submarine warfare, notable because of the increasing presence of Chinese People's Liberation Army-Navy submarines operating in the Indian Ocean.[88] Some analysts have identified the Malabar exercises as a platform for defense engagement in the Indo-Pacific as a whole, potentially boosting like-minded militaries interoperability in the maritime domain.[89]

Australia

Recent debate in Australia on regional strategic challenges has focused on China's rising influence and how Australia should respond and position itself relative to related changes in Indo-Pacific power dynamics. This debate is framed by increasing concern in Australia about the influence of China (and those who promote its interests) in Australian politics and society, despite the fact that China remains a key economic and trade partner. Australia's outlook is also affected

[87] Remarks By Prime Minister Abe to the Australian Parliament, Tuesday, July 8, 2014, https://japan.kantei.go.jp/96_abe/statement/201407/0708article1.html.

[88] "India-Japan-US Malabar 2017 Naval Exercises Kick Off With Anti-Submarine Warfare in Focus," *The Diplomat*, July 10, 2017.

[89] Prashanth Parameswaran, "The Malabar Exercise: An Emerging Platform for Indo-Pacific Cooperation?," *The Diplomat*, June 12, 2016.

by uncertainty about President Trump's approach to the alliance with Australia and U.S. engagement with the region.[90]

Australian conceptualizations of their strategic geography have taken into account both the Pacific and Indian Oceans for longer than such conceptualizations have been central to strategy documents in the United States. Such strategic conceptualizations are important for a number of reasons. According to one observer:

> The way policy makers define and imagine regions can affect, among other things, the allocation of resources and high level attention ... Thus, the increasing use of the term Indo-Pacific carries implications for the way countries approach security competition or cooperation in maritime Asia. The idea of an Indo-Pacific region involves recognizing that the growing economic, geopolitical and security connections between the Western Pacific and the Indian Ocean regions are creating a single 'strategic system.'[91]

Former Prime Minister Turnbull stated that, "in this brave new world we cannot rely on great powers to safeguard our interest. We have to take responsibility for our own security and prosperity while recognising we are stronger when sharing the burden of collective leadership with trusted partners and friends."[92]

For Australia, values and a rules-based order, as well as interests, are key components of an Indo-Pacific strategic vision. A key Australian fundamental objective, as articulated in Australia's 2017 Foreign Affairs White Paper, is to keep the Indo-Pacific region secure, open and prosperous. The White Paper states, "the Indo-Pacific is undergoing a strategic transition as profound as the economic transformation that preceded it" and reasserts a long held view that "our alliance with the United States is central to Australia's security and sits at the core of our strategic and defence planning." The document also states "The Government will lift the ambition of our engagement with major Indo-Pacific democracies."[93]

Former Prime Minister Turnbull and President Trump "reaffirmed the strength of the alliance between the United States and Australia and the close alignment of our interests and values in the Indo-Pacific region and throughout the world" during their March 2018 meeting in Washington.[94] In their joint statement following the meeting the two leaders agreed "that the world in which we live is contested, and that it is more important than ever to defend our common values and way of life. We are committed to fostering an Indo-Pacific region where all countries abide by international law."[95] The July 2018 Australia-U.S. Ministerial Consultations Joint statement similarly made clear a shared commitment to "work together—and with partners—to shape an Indo-Pacific that is open, inclusive, prosperous, and rules-based." The Joint Statement also announced a joint work plan to advance shared strategic interests in the Indo-Pacific.[96]

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[90] See CRS Insight IN10888, *Australia, China, and the Indo-Pacific*, by Bruce Vaughn.

[91] Rory Medcalf, "Reimagining Asia: From Asia Pacific to Indo Pacific," The Asan Forum, June 26, 2015.

[92] "Keynote Address: Malcolm Turnbull," Shangri-La Dialogue, The Asian Security Summit, June 2, 2017.

[93] Australian Government, *2017 Foreign Policy White Paper, Opportunity, Security Strength*, 2017.

[94] The White House, "Trump Turnbull Meeting Strengthens the Alliance," February 23, 2018.

[95] The White House, "Joint Statement by United States President Donald Trump and Australian Prime Minister Malcolm Turnbull," February 23, 2018.

[96] U.S. Department of State, "Joint Statement Australia-U.S. Ministerial Consultations 2018," July 24, 2018.

China's Reaction

China's government played down the significance of the Trump Administration's Free and Open Indo-Pacific strategy. At his annual press conference in March 2018, China's Foreign Minister, Wang Yi, described the strategy as just another "headline-grabbing idea." All such ideas, he said, "are like the sea foam in the Pacific or Indian Ocean: they may get some attention, but soon will dissipate." Wang noted that the official position of the United States, Australia, India, and Japan is that the strategy "targets no one … I hope they mean what they say and their action will match their rhetoric." He warned, "Nowadays, stoking a new Cold War is out of sync with the times and inciting bloc confrontation will find no market."[97]

In early September 2018, a spokesperson for China's Foreign Ministry said China welcomed the development of U.S.-India relations, adding that China hoped both "could contribute more to regional peace and stability."[98] In July 2018, another Foreign Ministry spokesperson said China welcomed pledges of infrastructure investment in the region from the United States, Japan, and Australia. The spokesperson questioned, however, whether the three countries would make good on those pledges. "If my memory serves me correctly, this is not the first time for them to make this statement," the spokesman noted. "As a Chinese saying goes, 'talking the talk is not as good as walking the walk.'"[99] In June 2018, a Ministry of Defense spokesperson acknowledged "concern" about a joint U.S.-Japan-India naval exercise, held off the coast of Guam that month. "China believes that the military cooperation of relevant countries should be conducive to regional peace and stability and not target any third country," the spokesman said.[100]

PRC scholars and commentators have been less restrained. A senior scholar with China's Foreign Ministry think tank, the China Institute of International Studies, concludes:

> As FOIP has adopted such a blunt, cutthroat zero-sum, ideological, antagonistic and containment-oriented posture toward China, it's safe to say that the US strategy, up to now, is inherently anti-China, no matter what shining notions it has used or euphemisms it might apply.
>
> It is the first time in the four-decade China-US diplomatic relations that a US administration has used such categorical, antagonistic language in its official documents and statements to portray China's behavior and intentions.[101]

In August 2018, a research fellow with the Chongyang Institute for Financial Studies at Renmin University of China proposed a series of counter-measures China might take to blunt the impact of the U.S. Indo-Pacific strategy.[102] They include:

- Help construct "an Indo-Pacific discourse system" and "deconstruct some concepts put forward by the U.S. and other countries that are not in China's interests, and replace them with new concepts that are beneficial to China by means of discourse substitution strategies."

[97] Ministry of Foreign Affairs of the PRC, "Foreign Minister Wang Yi Meets the Press," March 9, 2018.

[98] Ministry of Foreign Affairs of the PRC, "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference," September 7, 2018.

[99] Ministry of Foreign Affairs of the PRC, "Foreign Ministry Spokesperson Geng Shuang's Regular Press Conference," July 31, 2018.

[100] Ministry of National Defense of the PRC, "Defense Ministry's Regular Press Conference," June 28, 2018.

[101] Jia Xiudong, "U.S. Indo-Pacific Strategy Is Not What It Appears to Be," China Institute of International Studies, June 9, 2018.

[102] Wang Peng, "Opinion: China's Countermeasures to U.S. Indo-Pacific Strategy," August 22, 2018.

- Avoid high-cost direct military confrontation with the United States and instead pursue "'military operations other than war' (such as the construction work on [China's] own islands and reefs, construction of roads, upgrading of border facilities, etc.)."
- On trade, in the short- to medium-term, "force the U.S. side to negotiate with China through targeted counterattacks," and "by making limited concessions and reaching new agreements that do not harm China's fundamental interests." In the long-term, China must "carry out internal reforms."
- "[D]emonstrate [China's] goodwill and provide reassurance to the international community by using concepts such as 'community of shared future for mankind' as well as the 'Belt and Road Initiative,' and those of the Asian Infrastructure Investment Bank (AIIB), and the BRICS New Development Bank."[103]
- Work with major Asian nations such as Japan, India, and Australia "to safeguard common interests (globalization, multilateralism, fair trade, etc.) and, by so doing, weaken their motivation and determination to join Indo-Pacific countries to contain China."
- Take advantage of what the author sees as the lack of "vital attention" to ASEAN in the FOIP by first improving relations with Vietnam and the Philippines, then strengthening economic and trade cooperation with ASEAN, then moving on to security cooperation.
- "[P]rudently strengthen strategic cooperation with Russia, Iran and other countries, and take advantage of the increasing challenges to the U.S. in Eastern Europe and the Middle East" to reduce pressure on China. Also, stay alert to the potential for any development "that makes the U.S. feel the compelling urge to seek strategic support from China."
- Counter the "negative impact" of U.S. policies on the world order and globalization through "pragmatic cooperation with mutual benefit and win-win results." Use the Belt and Road Initiative, the Shanghai Cooperation Organization, the BRICS, and the AIIB, "to galvanize the support of third parties and jointly build a community of shared future for mankind."

Issues for Congress

The Trump Administration's FOIP initiative poses a number of potential policy and oversight issues for Congress, including the following:

- **Administration strategy.** Where does the Indo-Pacific lie in the Administration's list of priorities? Does the Trump Administration have a fully developed, whole-of-government strategy for achieving a free and open Indo-Pacific? Does it have such a strategy for implementing the Quad concept? If so, what are the elements of that strategy, and what programs and funding in the Administration's proposed FY2019 budget are intended to begin implementing that strategy? If not, when does the Trump Administration anticipate completing its development of such a strategy?
- **To what extent does the FOIP initiative subsume other Administration initiatives?** For example does the Administration consider potential effects of

[103] The BRICS grouping of emerging powers comprises Brazil, Russia, India, China, and South Africa.

trade policies on attitudes of friends and allies towards the FOIP initiative or are Administration policies towards Iran viewed independently, in tandem with or subordinate to Indo-Pacific objectives? What is the process for determining the Administration's priorities toward the region?

- **Time and attention devoted to issue.** Given the need for the United States to monitor and respond to events in other regions, is the Trump Administration devoting adequate time and resources to tracking and responding to developments in the Indo-Pacific? How are new initiatives to be funded?
- **Geographic scope.** Have the strategic implications of defining the western edge of the Indo-Pacific region as the west coast of India—rather than farther west—been fully considered? What effect does this have on India's involvement in the strategy? Does this delineation ignore trade, energy, and strategic linkages between the Persian Gulf and the western Indian Ocean and East Asia and the broader Indo-Pacific region?
- **State Department staffing.** What impact, if any, does the current staffing situation at the State Department—where many positions are unfilled—have on the U.S. ability to develop and implement a whole-of-government strategy for the Indo-Pacific?
- **Economic elements of the initiative.** Following the U.S. withdrawal from the TPP, and given the Administration's more recent trade actions, what are the economic elements of the FOIP strategy? Do potential Indo-Pacific partners view the FOIP as an overly militarized policy approach? What actions could the United States consider to convince regional partners that the FOIP has tangible economic benefits for them?
- **U.S. relations with other countries.** What implications does the Indo-Pacific strategy have for U.S. relations with China and other countries in the region? Does it change Administration conceptions of "ASEAN centrality" in Asian regional diplomacy?[104] Are initiatives such as the Quad, which have emerged from particular leaders in countries like Japan and India, sustainable beyond the tenure of those leaders?
- **U.S. defense programs and spending levels.** What implications does the Indo-Pacific strategy have for U.S. defense programs and spending levels? How might it affect requirements for maintaining forward-deployed U.S. military forces in the region, or for modernizing U.S. military forces, particularly naval and air forces? To what degree can or should the United States rely on U.S. allies or partner countries to counter China's military presence in the region?
- **U.S. arms sales.** What implications does the Indo-Pacific strategy have for U.S. arms sales in the region? In light of new and existing strategic challenges in the region, what kinds of arms should the United States sell to regional friends and allies?
- **U.S. foreign assistance.** What implications does the Indo-Pacific strategy have for the scale or allocation of U.S. foreign assistance funding to the region? Is the Indo-Pacific receiving too large a share, too little a share, or about the right share of total U.S. foreign assistance funding? Is the allocation of U.S. foreign

[104] H. Kraft, "Great Power Dynamics and the Waning of ASEAN Centrality in Regional Security," *Asian Politics and Policy*, October 2017.

assistance funding to individual countries in the region appropriate, or should it be changed in some way?

- **Economic architecture.** Is the evolving strategy towards the Indo-Pacific overly reliant on military tools following the United States' withdrawal from the TPP? Should the Trump Administration seek to further develop or engage with an economic architecture for the Indo-Pacific that could promote peace and stability and enhance U.S. interests through enhanced economic interdependencies between regional states including China? What role should U.S. allies and partners play in providing and coordinating infrastructure financing in the region? Under what conditions would President Trump support U.S. reentry into the TPP? What is the Administration's position on the Chinese-led Asian Infrastructure Investment Bank (AIIB)?
- **Trade and Investment.** What specific policies should the United States take regarding economic and trade ties with the Indo-Pacific region? How important are the Export Import Bank of the United States and the U.S. Overseas Private Investment Corporation in helping to finance U.S. exports to the region?

The challenges confronting the Trump Administration and its efforts to establish a Free and Open Indo-Pacific will likely remain part of the regional strategic landscape for many years to come. China's strategic position in the Indo-Pacific, which is to a large extent defined by its Belt and Road Initiative and its increasing military power, is changing the balance of power in the region. Regional states such as India, Japan, and Australia, while looking to the United States to play a stabilizing role in the region, are also looking to develop their own security relationships to hedge against geopolitical uncertainty. Existing flashpoints also have the potential to threaten U.S. interests. Congress can aid this administration's and future administration's efforts to shape the strategic dynamics of the Indo-Pacific in a way that protects and promotes American interests and values.

Appendix A. Executive Branch FOIP-Related Documents

Listed chronologically.

- The White House, "Remarks by President Trump at APEC CEO Summit/Da Nang, Vietnam," November 10, 2017, https://www.whitehouse.gov/briefings-statements/remarks-president-trump-apec-ceo-summit-da-nang-vietnam/.
- The White House, "National Security Strategy of the United States of America," December, 2017, https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905-2.pdf.
- U.S. Department of Defense, Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge, January 2018, https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf.
- U.S. Department of State, Deputy Assistant Secretary for South and Central Asian Affairs Daniel Rosenblum, "The United States and the Indo-Pacific Region," January 30, 2018, https://www.state.gov/p/sca/rls/rmks/2018/277742.htm.
- U.S. Department of State, Deputy Assistant Secretary for East Asian and Pacific Affairs Walter Douglas, "New Zealand, the United States, and the Indo-Pacific," March 26, 2018, https://www.state.gov/p/eap/rls/rm/2018/03/279557.htm.
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- U.S. Department of Defense, "Remarks by Secretary Mattis at Plenary Session of the 2018 Shangri-La Dialogue," June 2, 2018, https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1538599/remarks-by-secretary-mattis-at-plenary-session-of-the-2018-shangri-la-dialogue/.
- U.S. Department of State, "Joint Statement Australia-U.S. Ministerial Consultations 2018," July 24, 2018, https://www.state.gov/r/pa/prs/ps/2018/07/284460.htm.
- U.S. Department of State, Secretary of State Michael Pompeo, "Remarks on 'America's Indo-Pacific Economic Vision,'" July 30, 2018, https://www.state.gov/secretary/remarks/2018/07/284722.htm.
- U.S. Agency for International Development, "U.S. Agency for International Development Administrator Mark Green's Remarks at the Indo-Pacific Business Forum," July 30, 2018, https://www.usaid.gov/news-information/press-releases/jul-30-2018-administrator-mark-green-remarks-indo-pacific-business-forum.
- Export-Import Bank of the United States, "Remarks by Acting President and Chairman of Export Import Bank of the United States Jeffrey D. Gerrish at the Indo-Pacific Business Forum," July 30, 2018, https://www.exim.gov/news/archives/speeches/remarks-acting-president-and-chairman-export-import-bank-united-states-bank.
- U.S. Department of Commerce, "U.S. Secretary of Commerce Wilbur Ross Announces Programs to Increase U.S. Commercial Engagement in the Indo-

Pacific Region," July 30, 2018, https://www.commerce.gov/news/press-releases/2018/07/us-secretary-commerce-wilbur-ross-announces-programs-increase-us.

- Overseas Private Investment Corporation (OPIC), "U.S.-Japan-Australia Announce Trilateral Partnership for Indo-Pacific Infrastructure Investment," July 30, 2018, https://www.opic.gov/press-releases/2018/us-japan-australia-announce-trilateral-partnership-indo-pacific-infrastructure-investment.
- U.S. Department of State, Secretary of State Michael R. Pompeo, "Press Availability at the 51st ASEAN Foreign Ministers' Meeting and Related Meetings," August 4, 2018, https://www.state.gov/secretary/remarks/2018/08/284924.htm.
- Office of the Spokesperson, U.S. Department of State, "U.S. Security Cooperation in the Indo-Pacific Region," August 4, 2018, https://www.state.gov/r/pa/prs/ps/2018/08/284927.htm.
- Keynote Address by Assistant Secretary of Defense for Asian and Pacific Security Affairs Randall Schriver at American Enterprise Institute event, "An American Strategy for Southeast Asia," August 7, 2018, https://www.aei.org/wp-content/uploads/2018/07/180807-AEI-American-Strategy.pdf.
- U.S. Department of State, Principal Deputy Assistant Secretary for South and Central Asian Affairs Alice G. Wells, "U.S. Policy in the Indian Ocean Region," August 20, 2018, https://fpc.state.gov/08/285237.htm.
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Appendix B. Selected Indo-Pacific Related Legislation in the 115th Congress

The Trump Administration has supported several legislative initiatives that appear related to its FOIP strategy. They include multiple provisions of the John S. McCain National Defense Authorization Act for FY2019 (H.R. 5515/P.L. 115-232), enacted on August 13, 2018. Subtitle E of the legislation is devoted to "Matters Relating to the Indo-Pacific Region." Section 1251 of the law changes the name of U.S. Pacific Command to "United States Indo-Pacific Command."

The sponsors of the Asia Reassurance Initiative Act of 2018 (ARIA) (S. 2736 and H.R. 6888) seek to "enshrine[ ] a generational policy framework to demonstrate U.S. commitment to a free and open Indo-Pacific region and the rules-based international order."[105] The Senate version of the bill, which was reported by the Senate Foreign Relations Committee on September 26, 2018, would authorize $1.5 billion annually for five years to the Department of State, the U.S. Agency for International Development and, as appropriate, the Department of Defense, to

- enhance the U.S. presence in the Indo-Pacific,
- advance U.S. foreign policy interests and objectives in the Indo-Pacific,
- improve the defense capacity of partner nations,
- conduct engagements to meet strategic challenges,
- build new counter-terrorism partnership programs in Southeast Asia,
- increase maritime domain awareness programs in South and Southeast Asia, and
- counter the strategic influence of China.

The legislation would also authorize funding of $210 million annually for five years to promote democracy, civil society, human rights, rule of law, transparency, and accountability efforts.

Other legislation related to the FOIP strategy includes the Better Utilization of Investments Leading to Development (BUILD) Act of 2018, which Congress passed on October 3, 2018, as Division F of the Federal Aviation Administration (FAA) Reauthorization Act of 2018 (H.R. 302). The bill establishes the United States International Development Finance Corporation

> to mobilize and facilitate the participation of private sector capital and skills in the economic development of less developed countries ... , and countries in transition from nonmarket to market economies, in order to complement the development assistance objectives, and advance the foreign policy interests, of the United States.

Statements from the BUILD Act's sponsors and from the Administration have presented it as a response to China's activities in the developing world. After the BUILD Act passed the House in July 2018, a press release from bill sponsor Congressman Ted S. Yoho stated that the legislation, "meets the Administration's request to reform foreign aid development finance to incentivize the private sector in emerging markets and provide countries with better alternatives to Chinese investment."[106] A co-sponsor of the Senate's version of the BUILD Act, Senator Chris Coons, stated after Senate passage of H.R. 302 that the BUILD Act would allow the United States to

[105] Office of Senator Cory Gardner, "Asia Reassurance Initiative Act of 2018 (ARIA)," background paper, https://www.gardner.senate.gov/imo/media/doc/ARIA%20one-pager.pdf.

[106] Congressman Ted Yoho, "Bipartisan BUILD Act Passes House," press release, July 17, 2018, https://yoho.house.gov/media-center/press-releases/bipartisan-build-act-passes-house.

achieve several goals, including "reduce poverty in areas that are critical to our national security [and] compete with Chinese influence in the developing world."[107] The White House Press Secretary issued a statement describing passage of the BUILD Act as

> an important step toward fulfilling the commitment President Trump made to reform the United States' development finance institutions so that they better incentivize private sector investment in emerging economies and provide strong alternatives to state-directed initiatives that come with hidden strings attached."[108]

The "state-directed initiatives" language appeared to be a reference to China's Belt and Road Initiative.

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[107] Senate Foreign Relations Committee, "Corker-Coons BUILD Act to Become Law," press release, October 3, 2018, https://www.foreign.senate.gov/press/chair/release/corker-coons-build-act-to-become-law.

[108] The White House, "Statement from the Press Secretary," October 3, 2018, https://www.whitehouse.gov/briefings-statements/statement-press-secretary-35/.