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The Emerging Asia Power Web

The Rise of Bilateral Intra-Asian Security Ties

By Patrick M. Cronin, Richard Fontaine, Zachary M. Hosford,
Oriana Skylar Mastro, Ely Ratner and Alexander Sullivan



Center for a
New American
Security

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Cover Image

Commercial shipping density is shown in red on a map of the world.

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THE EMERGING ASIA POWER WEB: THE RISE OF BILATERAL INTRA-ASIAN SECURITY TIES

By Patrick M. Cronin, Richard Fontaine, Zachary M. Hosford, Oriana Skylar Mastro,
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I. EXECUTIVE SUMMARY

By Patrick M. Cronin, Richard Fontaine,
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Countries in Asia – including Australia, India, Japan, Singapore, South Korea and Vietnam – are developing bilateral security ties with one another in unprecedented ways. This emergent trend of intra-Asian defense and security cooperation, which we term the “Asia Power Web,” will have profound implications for regional security and U.S. strategy in Asia.

Bilateral security relationships in Asia are building on previously existing foundations of economic and political integration. Asian countries are diversifying their security ties primarily to hedge against critical uncertainties associated with the rise of China and the future role of the United States in the region. Bilateral ties are also developing as states seek to address nontraditional security challenges and play larger roles in regional and global affairs.

As a result, over the past decade intra-Asian engagement has increased substantially across the spectrum of security cooperation, including high-level defense visits, bilateral security agreements, joint operations and military exercises, arm sales and military education programs.

The United States can be a leading beneficiary of this growing network of relationships. More diverse security ties in Asia could have the dual effect of creating a stronger deterrent against coercion and aggression while simultaneously diminishing the intensity of U.S.-China competition. Greater military and defense cooperation in Asia will also create new opportunities for the United States to build capacity in the region and develop deeper security ties with nascent partners. Furthermore, the United States can build on stronger intra-Asian bilateral security relationships to augment region-wide security cooperation and support more effective and capable regional institutions.

These positive outcomes, however, will not accrue automatically. Burgeoning security ties can create

challenges for the United States if its allies and partners become increasingly entangled in regional disputes. Stronger security relationships in Asia could also heighten regional competition, particularly if they are divisive and perceived as aimed at China, which is predisposed to see regional security cooperation as curbing its rise.

This report examines the phenomenon of growing intra-Asian security ties among six key countries – Australia, India, Japan, Singapore, South Korea and Vietnam – and assesses the implications for regional security and U.S. strategy. In doing so, we seek to widen the analytical aperture through which policymakers view Asia and to describe an increasingly complex regional security environment, one too often defined solely by the U.S. “hub-and-spoke” alliance system and China’s rapid military modernization.

To maximize the strategic benefits of the trend toward intra-Asian security ties and to address potential sources of instability, U.S. policymakers should take the following measures:

- Fashion U.S. bilateral alliances and partnerships to facilitate intra-Asian security cooperation;
- Allow bilateral intra-Asian security ties to develop organically and avoid overplaying the hand of U.S. leadership;
- Set a favorable diplomatic context for advancing security ties in the region;
- Leverage capable partners to build third-party capacity;
- Work with traditional allies and partners to build bridges to nascent partners;
- Focus on strategically important and politically viable areas for region-wide security cooperation, including humanitarian assistance and disaster relief, maritime domain awareness, and civil maritime law enforcement;
- Manage alliances and partnerships to reduce

the likelihood of U.S. entanglement in regional conflicts and disputes not central to U.S. national security;

- Ensure consistent engagement with the Association of Southeast Asian Nations (ASEAN) and ASEAN-centered meetings and institutions, including the ASEAN Regional Forum, the East Asia Summit and the ASEAN Defense Ministers’ Meeting Plus; and
- Support the development of regional rules and institutions, emphasizing ASEAN centrality.

Ultimately, the growing network of Asian security relations augurs well for the United States if enhanced bilateral ties in the region lead to new mechanisms to manage U.S.-China competition, additional avenues for building partner capacity and more capable multilateral institutions.

II. INTRODUCTION: THE EVOLVING SECURITY ENVIRONMENT IN ASIA

Asia is an immense, dynamic and diverse region that occupies over half of the Earth's surface and is home to 50 percent of the world's population.¹ It contains the largest democracy in the world (India), two of the three largest economies (China and Japan), the most populous Muslim-majority nation (Indonesia) and seven of the 10 largest standing armies.² The United States has five defense treaty partners in the region (Australia, Japan, the Philippines, South Korea and Thailand); strategically important relationships with Brunei, India, Indonesia, Malaysia, New Zealand, Singapore and Taiwan; and evolving ties with Myanmar. By 2025, Asia is likely to account for almost half of the world's economic output and include four of the world's top 10 economies (China, India, Japan and Indonesia).³

Asia's Importance for the United States

The future prosperity and security of the United States will be partly defined by events in Asia. Already, the region is the leading destination for U.S. exports, and Asian countries are among the United States' fastest growing markets.⁴ An estimated 1.2 million jobs in the United States are supported by exports to Asia, with 39 U.S. states sending at least a quarter of their exports to the region.⁵ Meanwhile, both U.S. investment in Asia and Asian investment in the United States have doubled over the past decade; Singapore, India, China and South Korea are four of the 10 fastest-growing sources of foreign direct investment in the United States.⁶

Sustaining this economic dynamism is contingent on maintaining regional peace and security, which have long been guaranteed by the power and leadership of the United States in concert with allies and partners.⁷ U.S. activities contribute decisively to regional stability by actively supporting and promoting a number of key U.S. national

security interests, including free and open commerce, unimpeded access to the global commons (air, sea, space and cyberspace domains), adherence to international law, peaceful settlement of disputes without coercion, promotion of democracy and protection of human rights.⁸

To continue meeting these objectives, U.S. policy will have to adapt to an increasingly complex regional security environment. As China has risen economically over the past 35 years, it has pursued a relentless program of military modernization. China's entry into the global trading regime and attendant economic growth have provided leaders in Beijing with the resources to invest in building a professional, technologically-advanced People's Liberation Army. China's military modernization has created anxieties in the region, with ongoing concerns about China's lack of transparency and its increased assertiveness, particularly in regard to sovereignty disputes in the East and South China Seas.⁹ Relations across the Taiwan Strait are relatively stable, but conditions for crisis and conflict remain ripe without an enduring political resolution of Taiwan's status.

The Korean Peninsula represents another potential flashpoint as long as Pyongyang continues to develop its ballistic missile and nuclear weapons capabilities. Tensions have risen sharply under the inexperienced leadership, brinkmanship policies and weapons programs of Kim Jong Un. North Korea may seek to reduce the cumulative effect of sanctions and outside pressure through either diplomatic overtures or military actions. Given heightened U.S.-South Korean preparation to fend off future North Korean provocations, the dangerous potential for escalation cannot be ruled out.

Asia is also home to a number of nontraditional security threats. Natural disasters are a persistent and growing challenge – one that is likely to be exacerbated by climate change, which the Commander of U.S. Pacific Command, ADM

Samuel J. Locklear, called the biggest long-term threat in the Asia-Pacific region.¹⁰ Illegal fishing, piracy and terrorism – as well as trafficking in narcotics, persons and weapons of mass destruction – also serve as sources of regional instability.

A convergence of additional factors is contributing to Asia's evolving security environment. Leadership transitions in China, Japan, South Korea and North Korea have created additional sources of uncertainty in Northeast Asia. Historical animosities and resurgent nationalism are increasing popular pressure on governments throughout the region. And substantial changes to global energy markets are sharpening the interests and demands of emerging economies.

U.S. strategy in Asia has sought to manage these sources of instability and promote continued growth and dynamism. This has involved a shift of U.S. attention and resources toward Asia following more than a decade of war in Iraq and Afghanistan. These efforts, some initiated prior to the current administration, have been termed the U.S. “pivot” or “rebalancing” to Asia.¹¹ President Barack Obama announced to the Australian Parliament in November 2011, “As President, I have ... made a deliberate and strategic decision – as a Pacific nation, the United States will play a larger and long-term role in shaping this region and its future, by upholding core principles and in close partnership with our allies and friends.”¹² In January 2012, the Department of Defense echoed this policy priority by issuing new strategic guidance that announced that the United States “will of necessity rebalance toward the Asia-Pacific region.”¹³

The U.S. government has taken significant initial steps to deepen U.S. engagement in the region across economic, diplomatic and military domains. These efforts have included: strengthening relations with traditional allies, building deeper ties with emerging powers (including China), engaging the region's

Why Not Include China?

This report focuses on the intra-Asian bilateral security ties of Australia, India, Japan, Singapore, South Korea and Vietnam. We recognize that China is also an active and leading participant in deepening its security relationships in Asia across the spectrum of activities, from high-level visits and military diplomacy to joint exercises and multilateral operations. Each of the countries assessed here is pursuing more robust security engagement with China.

That being said, the modernization and activities of the People's Liberation Army (PLA) are already the subject of considerable scrutiny and research. Our goal was to bracket out the United States and China and instead assess the phenomenon of growing security cooperation among Asia's other key players. This is not to suggest that China's security ties in Asia are less mature or important.

For official reports on the PLA, see:

U.S. Department of Defense, Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013 (May 2013), defense.gov/pubs/2013_China_Report_FINAL.pdf.

Information Office of the State Council of the People's Republic of China, “The Diversified Employment of China's Armed Forces,” Xinhua News Agency, April 16, 2013, http://news.xinhuanet.com/english/china/2013-04/16/c_132312681.htm.

multilateral institutions, diversifying U.S. military posture, promoting human rights and democracy, and advancing U.S. trade and business interests. The United States has worked to reallocate resources (not only toward the region but also within it) and has sought to expand engagement with partners in Southeast Asia. The administration has also acknowledged the rising importance of the Indian Ocean and has supported the development of links between India and East Asia.

The United States is undertaking several defense initiatives as part of this rebalancing to Asia, including augmenting and diversifying its

forward-deployed forces in Southeast Asia and Oceania.¹⁴ Increased access and presence arrangements have manifested most prominently in decisions to rotate up to 2,500 Marines through Darwin, Australia, and to rotate up to four littoral combat ships, the first of which arrived in April 2013, through Singapore.¹⁵ The latter arrangement will serve as part of the Navy's effort to increase the distribution of ship deployments between the Pacific and Atlantic Oceans from 50/50 to 60/40 by 2020.¹⁶ In Northeast Asia, U.S. actions include announcing the future deployment of a second X-Band radar to Japan to bolster regional missile defense capabilities and separately reaffirming its security alliance with South Korea by demonstrating its long-range strike and other advanced capabilities during heightened tensions in spring 2013.¹⁷

The New Dynamic of Bilateral Intra-Asian Security Ties

As the United States rebalances to Asia, it will confront a rapidly evolving regional security environment that is no longer solely defined by the U.S. "hub-and-spoke" alliance system. Instead, a more diverse array of bilateral security ties is emerging among Asian countries. Regional actors are integrating with each other in unprecedented ways, from India training Vietnamese submariners to Japan's first security agreement outside the U.S.-Japan alliance (signed with Australia) to countries turning to their neighbors for arms.

A primary motivation for this behavior is the desire of countries to supplement their ties with the United States and China. For many nations in the region, the United States remains a key investor and, perhaps most importantly, the underwriter of regional security. However, the Asian officials and academics regularly raise concerns about the staying power of the United States, given continued gridlock in Washington, sequestration and war fatigue.¹⁸ Similarly, China has fast become a critical engine of economic growth throughout

the region, but many states remain wary about the possibility of a heavy-handed Chinese foreign policy. Regardless of the long-term viability of the Chinese economy, these security concerns will likely remain Chinese expectations – buoyed by decades of rapid growth and political rhetoric tout-nating national revival – may promote a militaristic approach to expressing "core interests."

Regional actors are integrating with each other in unprecedented ways, from India training Vietnamese submariners to Japan's first security agreement outside the U.S.-Japan alliance.

As a result, governments have begun hedging against these uncertainties by deepening engagement with like-minded states to diversify their political, security and economic relationships. This portfolio strategy reduces the risk of overinvesting in either of the great powers and creates additional avenues for regional states to advance their economic and military development, independent of fluctuations in the U.S.-China relationship.

Particular internal rationales are also shaping the way countries are constructing bilateral security ties, including desires to increase international relevance and prestige; assist in the protection of sea lanes; and contribute to the mitigation of nontraditional security threats, such as terrorism, piracy and natural disasters. These nontraditional threats often require multilateral solutions and

have increased the demand for stronger bilateral defense cooperation in the region.

This emerging Asia power web is altering Asia's strategic environment and creating new challenges and opportunities for the United States. Here, we assess the full range of burgeoning activities, including high-level defense visits, the signing of security agreements, joint operations, joint military exercises, arms sales, and security training and education programs. This report examines emerging intra-Asian bilateral security ties for six countries: Australia, India, Japan, Singapore, South Korea and Vietnam. These countries were selected both because they are key allies or emerging partners of the United States and because they have been among the most active Asian states in diversifying their security relationships. Other countries and partners, including Indonesia, Malaysia, the Philippines and Taiwan, are also beginning to pursue deeper defense ties but are not analyzed here in great depth. (For a discussion of why China is not a focus of this report, see the "Why Not Include China?" text box on page 8.)

In examining these patterns, we seek to widen the analytical aperture on Asia to describe an increasingly complex regional security environment that is too often solely defined by the U.S. "hub-and-spoke" alliance system and China's rapid military modernization.

As part of this effort, CNAS conducted five expert working groups in Washington to better understand the motivations behind, and nature of, growing Asian security ties. CNAS also sponsored a sixth working group in Singapore with experts from each of the six key countries highlighted in the report. During the course of the project, members of the research team traveled to Australia, China, India, Indonesia, Japan, Malaysia, Singapore and South Korea for meetings and interviews with officials and leading experts.

III. FOUNDATIONS OF REGIONAL ECONOMIC AND POLITICAL COOPERATION

The recent development of deepening intra-Asian security ties is occurring on a solid and preexisting foundation of regional economic liberalization and political integration.¹⁹ Asian countries have been committed to sustained economic growth, which has impelled many regional states to pursue bilateral trade pacts, currency and monetary arrangements, free trade agreements (FTAs) and investment deals. As a result, bilateral trade and investment among regional players has been increasing rapidly. Official political engagement in Asia has historically lagged behind economic integration, but in recent years, capitals throughout the region have been strengthening and elevating their political relationships.²⁰

Economic Relationships

According to the Asian Development Bank, Asia is now as economically interdependent as North America or the European Union, and Asian countries trade more among themselves than members of either of those regional groups did when they began their integration efforts.²¹

Almost everywhere in Asia, the deepening of bilateral economic relationships underscores the depth and breadth of these trends. The figures are remarkable. For example, Japan is Vietnam's largest export market in the region and second only to the United States globally.²² Japan-Vietnam trade grew from roughly \$4.5 billion in 2000 to over \$24 billion by 2012.²³ Likewise, from 2000 to 2012, bilateral trade between India and Japan more than quadrupled, from approximately \$4.2 billion to roughly \$17.3 billion.²⁴

From 2011 to 2012 alone, trade between India and members of ASEAN increased 37 percent to \$80 billion.²⁵ India-Singapore trade relations are also a success story, with two-way trade increasing

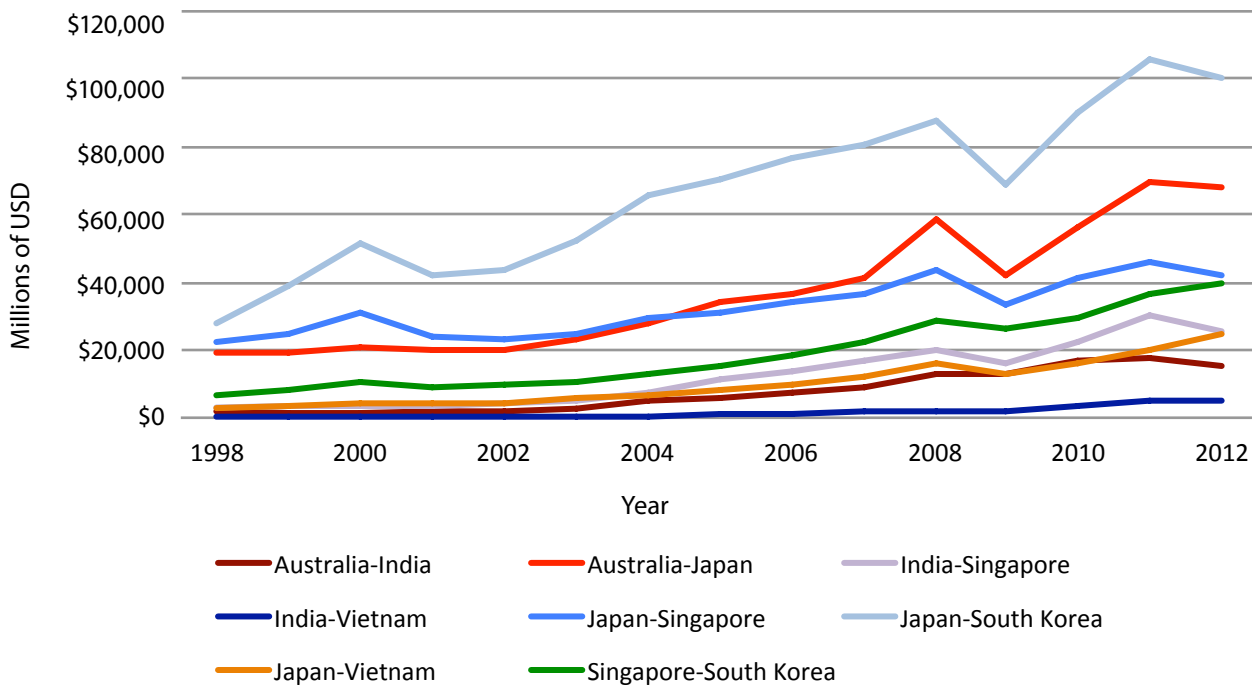
more than eightfold between 1998 and 2012, from roughly \$3 billion to over \$25 billion.²⁶ India is Australia's fourth largest export market, its eighth largest two-way trading partner, and its seventh fastest-growing trading partner.²⁷ Singapore's top three export partners in 2011 – Malaysia, China (including Hong Kong) and Indonesia – are all close neighbors.²⁸

The boom in intra-Asian trade has been both a cause and a consequence of the proliferation of FTAs in the region.²⁹ Although not an entirely new phenomenon, FTAs in Asia have multiplied in the past decade: In 2002, 52 such agreements had been signed, 10 were under negotiation, and an additional eight had been proposed. By 2013, those numbers had grown to 132, 75 and 50, respectively.³⁰ This surge has been partly due to the inability of the World Trade Organization to conclude the multilateral Doha Development Round. The explosion of free trade agreements in East Asia occurred as governments sought to counteract the expansion of similar agreements in other regions, as well as to provide a framework to support increasingly sophisticated production networks through continued liberalization of trade and investment.³¹

Singapore has been a regional leader in establishing FTAs. Since 2002, Singapore has signed bilateral free trade or other economic cooperation agreements with Japan, South Korea, India, Australia and New Zealand.³²

South Korea, Thailand, the Philippines, Indonesia and Malaysia have also been active in initiating talks and signing trade arrangements. Seoul has penned agreements with a number of countries in the region, five of which have come into force since 2006.³³ South Korea is also negotiating FTAs with Australia and New Zealand and examining the possibility of FTAs with Japan, Vietnam, Indonesia and Malaysia.³⁴

FIGURE 1: BILATERAL TRADE BETWEEN COUNTRIES ASSESSED, POST-ASIAN FINANCIAL CRISIS (1998-2012) IN MILLIONS (USD)



Source: International Monetary Fund's Directions of Trade Database. Numbers derived by adding individual countries' reported bilateral export values for each given year.

Because of its highly protected agricultural sector, Japan has historically preferred working through multilateral mechanisms like the World Trade Organization, but it too has recently embarked on pursuing FTAs in the region. In addition to Japan's FTA with ASEAN, signed in 2007, Tokyo concluded a comprehensive FTA with Vietnam that took effect in 2009 and abolished tariffs on 92 percent of goods traded between the two countries.³⁵ The Japan-India Comprehensive Economic Partnership Agreement, signed in 2011, aims to facilitate an increase in trade to \$25 billion by 2014 and eventually eliminate tariffs on nearly 90 percent of bilaterally traded products.³⁶ Japan is also participating in discussions on regional FTAs, including the Trans-Pacific Partnership, the Regional Comprehensive Economic Partnership and a China-Japan-South Korea trilateral FTA.³⁷

Trade is not the only means through which Asian countries are pursuing their economic and political interests. Developed countries such as Australia, Japan and South Korea are increasing regional investment and providing significant official development assistance (ODA) to developing countries such as Vietnam, India and Indonesia, as well as increasing regional investment.³⁸

Through its ODA, Japan has sought to establish deeper bonds with countries in the region and increase their goodwill toward Japan, help to expand Japanese business opportunities and mitigate nontraditional security threats, such as global warming, terrorism and disease. From 2003 to 2011, India was the top recipient of Japanese ODA.³⁹ Japan has also become a major donor to Vietnam, with total ODA rising steadily from \$680 million in 1999 to \$900 million a decade later.

South Korea has committed to extend Vietnam preferential loans of up to \$1.2 billion between 2012 and 2015.⁴⁰

Meanwhile, Australia is Indonesia's largest bilateral donor, giving approximately \$570 million in 2011-2012.⁴¹ From 2007 to 2011, Australia and South Korea were the first and fourth top sources of ODA for the Philippines.⁴² In the same period, Thailand's top 10 sources of ODA included Australia and South Korea, third and sixth respectively.⁴³

Private corporations in Asia have been a major force for economic integration through foreign direct investment. Japanese private investment has been burgeoning in Australia, Vietnam and India.⁴⁴ South Korea and Singapore have also been leading investors in Southeast Asia and India.⁴⁵ And India has been steadily increasing its investments back into East and Southeast Asia.⁴⁶

As Asia has continued to grow economically, so too has the relative importance of intraregional ties in trade, investment and foreign assistance. Asia is no longer simply the workshop for the West. Free trade agreements and other links between the major players have pushed ahead regional economic integration and, in many cases, created common interests that undergird subsequent political and security ties.

Political Relationships

In tandem with regional economic integration, Asian countries are increasing their engagement in high-level diplomacy and establishing political frameworks for the promotion of bilateral cooperation.

This phenomenon is manifested in nearly every bilateral relationship in the region, including Vietnam-Japan, India-South Korea, Singapore-India, South Korea-Vietnam and India-Vietnam.⁴⁷ The number of high-level exchanges between Japan and South Korea, for example, grew by over

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50 percent during the 2000s.⁴⁸ Tokyo's exchanges with Singapore also increased substantially during this period.⁴⁹

Similar trends exist throughout the region. Over the past decade, both Indonesia and Malaysia have more than doubled their respective high-level exchanges with India and Singapore.⁵⁰ And Singapore has been actively working to promote India's participation in Asia-Pacific affairs, particularly within ASEAN and ASEAN-centered dialogues and processes.

Over the past seven years, New Delhi has expanded its "Look East" policy by elevating its bilateral relations with Japan, South Korea and Australia to the level of strategic partnerships and launching a biennial strategic dialogue with Vietnam.⁵¹

Australia has also dramatically increased its diplomatic outreach, establishing regular institutionalized meetings at the foreign minister level with India, Japan, South Korea, Indonesia, Vietnam, Thailand, Malaysia and Singapore. Australia conducts similar meetings with the trade ministers of all of these countries except Thailand and parliamentary exchanges with all of these countries except India.⁵²

In conjunction with burgeoning bilateral political engagement, some 40 overlapping regional and subregional institutions promote intergovernmental exchange in the region. This institution building began in the early and mid-1990s with the founding of the Asia-Pacific Economic Cooperation (1989), the ASEAN Free Trade Area (1992), the ASEAN Regional Forum (1994) and the ASEAN+3 Forum (1997), as well as the enlargement of ASEAN to 10 members.⁵³

The maturation of regional institutions has continued to progress.⁵⁴ The ASEAN Regional Forum expanded from its original 21 members to 27 members in 2007.⁵⁵ The establishment of the East Asia Summit stands out as the major institutional innovation of the past decade. It began in Kuala Lumpur in 2005 and expanded to include the United States and Russia in 2011, thereby counting all of the region's major powers as members, including China and India. Although still in its early stages, the East Asia Summit is already considered the region's premier forum for Asia-Pacific leaders to discuss political and strategic issues.⁵⁶

The elevation of political ties among major Asian players in the past decade demonstrates an increased awareness that cooperative relations with neighbors will be crucial for the long-term peace and stability of the region. Asian countries are increasingly turning to each other for political engagement and high-level consultative mechanisms to manage their shared interests.

IV. DRIVERS OF THE EMERGING ASIA POWER WEB

After decades of economic and political integration, Asian countries have begun upgrading their bilateral defense relations in the region to adapt to the evolving security environment. We examine the activities of Australia, India, Japan, Singapore, South Korea and Vietnam. Although each country faces a unique national security landscape, there are common factors driving regional security cooperation and shaping the subsequent nature and type of relations.

Countries are motivated to develop intra-Asian security ties primarily to hedge against the uncertainties associated with the rise of China and the future role of the United States in Asia. Regional strategists describe this as a balancing act, one aimed at managing these countries' reliance on China as a primary economic partner while turning to the United States as the guarantor of regional security.⁵⁷ At the same time, the tenor of the U.S.-China relationship casts a shadow over the region, under which states feel the threat of exclusion when U.S.-China relations are too close and the threat of entrapment and instability when those relations become too tense.

A number of countries in the region share the Australian perspective that the United States is “integral to global economic growth and security” while providing “the critical underpinning” for the contemporary rules-based order.⁵⁸ U.S. alliances serve as platforms for Australia, South Korea and Japan in their pursuit of more effective relationships with one another.⁵⁹ These and other countries want to facilitate and encourage the United States to continue playing this historical role, although most national security documents from regional capitals note that the relative influence of the United States is decreasing.⁶⁰ The United States is seen as an indispensable actor, and even though its departure from the region is considered unlikely in the near term, countries seek reassurance in the

face of sequestration, ongoing defense cuts and political gridlock in Washington.⁶¹

Countries in the region also seek positive ties with China, because it is one of the largest sources of trade and investment – if not the largest. China is the biggest trading partner of the six countries examined in this report except Singapore. Growing economic interdependence with China creates incentives for regional states to seek positive and stable relations with Beijing despite potential political and strategic differences elsewhere in the relationship. Beijing is aware of this phenomenon and readily uses economic leverage, and sometimes coercion, to influence policies in the region toward a variety of issues, including the Dalai Lama, Tibet, Taiwan, and sovereignty and maritime disputes. At the same time, regional states are aware that excessive economic interdependence with China is a vulnerability that needs to be managed by diversifying their economic partners.⁶² China's economic influence has at times been limited by impassioned political issues related to sovereignty and nationalism, which often trump economic considerations during crises.

As China's relative economic and military power continues to grow, many Asian countries are beginning to question the sustainability and wisdom of pursuing close economic relations with China while relying on the United States to deter aggressive Chinese behavior.⁶³ Even in Australia, where the alliance with the United States remains foundational to national security, concerns are rife about the ways in which fissures in the U.S.-China relationship could disrupt China's voracious consumption of Australia's natural resources.⁶⁴ South Korea and Japan are in a similar conundrum: Both possess a security alliance with the United States and host tens of thousands of U.S. troops but are also dependent on China as their largest trading partner and a critical source of economic growth. India harbors similar concerns about a rising China – even though China is its top trading partner – largely because

of outstanding political and territorial disputes.⁶⁵ Vietnam relies on China for its economic development but is sparring intensely over maritime rights in the Paracel and Spratly Islands.

The confluence of these issues has led countries to seek stronger defense ties with one another. A diversified set of security relationships acts as a hedge against Chinese assertiveness, particularly if the United States is at some point either unable or unwilling to be the principal guarantor against Chinese aggression.

Meanwhile, a number of Asian countries are moving beyond internal and narrowly local security challenges to consider a more outward orientation that reflects broader regional and global interests, as well as the development of capabilities to participate in a wider range of activities. This strategic shift has instigated new and deepened partnerships in the region.

Canberra's approach to deterring and defeating attacks includes, for example, establishing a growing network of relationships with its immediate neighbors and regional partners.⁶⁶ Seoul is taking large strides in strengthening intra-Asia relationships as a way to project influence beyond the Korean Peninsula, although South Korea remains careful not to harm its relationship with China.⁶⁷ India is leveraging its bilateral relationships to strengthen its military access to the region and extend its influence beyond South Asia. This is driven by a desire to play a larger regional role and impose caution on China.⁶⁸

A series of additional motivations compel regional security cooperation. Several countries are driven by the desire to augment their regional and international role and prestige. India, for example, established its "Look East" policy in 1991 to promote trade relations and develop greater strategic influence among its eastern neighbors. Part of the rationale for such policies is that Delhi sometimes prefers to enhance its security by building relationships with Asian

A diversified set of security relationships acts as a hedge against Chinese assertiveness, particularly if the United States is at some point either unable or unwilling to be the principal guarantor against Chinese aggression.

countries, particularly in light of India's history of colonialism and consequent emphasis on strategic autonomy in foreign policy.⁶⁹ Vietnam too is reaching out, as it makes the transition from being an internationally isolated country with a centrally planned economy to being a regional player with a more market-based economy.

South Korea – enabled by meteoric economic growth but preoccupied with persistent threats from North Korea – has also sought to increase its international standing. The "Global Korea" initiative instituted by former President Lee Myung-bak included South Korea's hosting of the 2010 G20 meeting and the 2012 Nuclear Security Summit, as well as the inaugural Seoul Security Dialogue, which focused on Asian security issues outside of North Korea. Newly elected President Park Geun-hye is focusing on Seoul's special role in establishing a multilateral security architecture for Northeast Asia.⁷⁰

Similarly, Japan has played an increasingly global role, participating in United Nations peacekeeping operations, in antipiracy operations in the Gulf of Aden and – in support capacities – in U.S.-led wars in Iraq and Afghanistan. As the country's military becomes more active and capable, Japanese citizens

and politicians are growing more comfortable with the idea of Japan becoming a more normal regional power that can engage in the kinds of defense and deterrence missions that its neighbors freely pursue.

The persistence of nontraditional threats – including piracy, cyberattacks, transnational crime, terrorism and natural disasters – also motivates countries to pursue stronger defense ties with other regional actors. This is a natural response given that unilateral approaches can be relatively ineffective against transnational challenges.

Transnational crime, terrorism and piracy have all plagued Southeast Asia and, demanding a coordinated response. Major natural disasters and humanitarian crises have also required regional, if not global, responses. The 2004 Indian Ocean tsunami and the 2011 tsunami and nuclear disaster in Japan were vivid reminders of the need for regional cooperation. Asia is home to eight of the 10 countries with the largest populations living in low-elevation coastal zones that will be endangered by future sea-level rise and extreme weather events.⁷¹ Demographic and migration trends are likely to increase these vulnerabilities.

With a number of Asian economies heavily reliant on seaborne trade, maritime security and counter-piracy efforts have been leading issues in bilateral and multilateral forums. Concerns about energy security are also driving security cooperation, with most countries dependent on open sea lanes for their energy imports (for instance, through the Strait of Malacca and the South China Sea).⁷² As a net importer of natural resources, India, for example, has significant incentives to cooperate with regional actors to strengthen the capabilities of Indonesia, Malaysia and Vietnam to more effectively contribute to maritime security throughout Southeast Asia.

To be sure, there are also significant constraints on the development of deeper bilateral security ties

in Asia. Although defense spending has increased in the region as a whole, this has not been the trend in certain key countries, including Australia. The push for balanced budgets and spending on social programs has created a limited appetite in Canberra for large increases in defense spending. This could change under future governments, but constraints on military budgets in countries such as Australia and Japan naturally curb the development of more robust security partnerships.

Historical issues and sovereignty disputes also constrain the growth of bilateral security relationships. Japanese war crimes during World War II remain highly politicized throughout the region, occasionally stoked by controversial comments and actions by right-leaning Japanese politicians. This has been a key factor in the near-derailment of security ties between Japan and South Korea. Disputes over islands and maritime rights are also headline issues in Northeast and Southeast Asia. The dispute between South Korea and Japan over the Dokdo/Takeshima islands and complex sovereignty claims in the South China Sea (involving Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam) have at times raised diplomatic tensions to the point where regional security cooperation between claimants becomes politically impossible.

Although these constraints are real, the current regional security environment is generally marked by enhanced bilateral security cooperation. The uncertainties associated with the rise of China and the future of the United States in the region provide incentives for diversified hedging strategies in which countries pursue multiple avenues to protect their national interests. Countries are also reaching out to new partners to engage in regional security activities and enhance their international prestige. At the same time, transnational challenges are making it more attractive and more urgent for states to better coordinate and cooperate on regional security issues.

V. MAPPING THE ASIA POWER WEB

Australia, India, Japan, Singapore, South Korea and Vietnam have deepened their bilateral security engagements throughout Asia over the past decade. This has included enhanced military diplomacy and security agreements, increased joint exercises and operations, and greater foreign military assistance and arms sales. This unprecedented level of intra-Asian defense and military activity is reshaping the regional security order.

Military Diplomacy and High-Level Visits

Regional leaders are now engaging in routine high-level visits to discuss security issues. Close partners of the United States have been at the forefront of this trend. As U.S. treaty allies, Japan and South Korea share attributes that facilitate bilateral cooperation, including military interoperability, common values and experience working together against common threats. The first official South Korea-Japan defense dialogue was held in 1994 in Seoul, and the two nations' defense ministers have met on a near-annual basis since then.

Likewise, Australia and South Korea are in discussions to establish a regular "2+2" meeting of foreign and defense ministers. In the meantime, the inaugural Australia-South Korea Defense Ministers' Dialogue was held in December 2011, and the Australian air force and navy now make regular visits to South Korea.⁷³ Japan and Australia have held regular military-to-military consultations nearly every year since 2002, as well as regular political-military consultations about every 18 months. There are also nearly annual exchanges at the service and joint chief level.⁷⁴

Emerging partners of the United States have also contributed to this trend of regularized defense engagements, sometimes with U.S. allies. Japan and India have held an annual Foreign Ministers' Strategic Dialogue since 2007, and the two countries held their second 2+2 dialogue in October



Indian Defense Minister A.K. Antony and his Japanese counterpart Yasuo Ichikawa review an honor guard during a November 2011 meeting in Tokyo. There the ministers reached final agreement to hold their first bilateral maritime exercise in June 2012.

(TORU YAMANAKA/AFP/Getty Images)

2012.⁷⁵ A new Defense Policy Dialogue between India and Singapore created a regular mechanism for defense cooperation and intelligence sharing, as well as a venue to discuss naval, air and ground forces; counterterrorism; bilateral training; and the development of defense technologies. In April 2013, Australia and India held their second annual Foreign and Defense Ministers' 2+2 dialogue in Jakarta.⁷⁶ In 2010, following the signing of a strategic partnership agreement between India and South Korea, the two countries established a Foreign Policy and Security Dialogue that has met annually since then and has produced a civilian nuclear deal in addition to discussions on joint defense industry production.⁷⁷

Vietnam has also been actively seeking to develop stronger defense ties in the region. Vietnam and Australia regularly exchange high-level military delegations, and Royal Australian Navy warships have begun making port calls in Vietnam.⁷⁸ In February 2012, the two countries held the first Australia-Vietnam Joint Foreign Affairs/Defense Strategic Dialogue.⁷⁹ Australia-Vietnam defense relations have continued to mature with

an agreement in August 2012 to institute an annual defense ministers' meeting.⁸⁰ In April 2013, Vietnam and Japan announced their intention to hold talks on maritime security in an effort to accelerate defense cooperation in the face of increasing Chinese assertiveness in the East and South China Seas. In the past decade, India and Vietnam have held security dialogues at the deputy defense secretary level and are planning additional discussions that include related ministries.⁸¹

Defense diplomacy in Asia is growing at a rapid rate, increasing in frequency and regularity. These dialogues are providing key foundations for deeper security ties.

Defense and Security Agreements

A higher tempo of military diplomacy and defense engagements has created new and unprecedented opportunities for bilateral security cooperation in Asia. The objectives and specifics of these activities have often been articulated in new bilateral security agreements and frameworks.

The region has seen a recent proliferation of defense agreements. In 2003, Singapore and India signed a defense cooperation agreement to enhance bilateral exercises, professional exchanges, training and joint defense technology research and to establish a Defense Policy Dialogue to coordinate these efforts.⁸² Australia and Japan signed a Joint Declaration on Security Cooperation in March 2007, followed by an action plan for implementation in 2009. These milestone agreements established both separate and joint foreign and defense minister dialogues, as well as numerous working-level discussions to address priority areas for potential cooperation.⁸³

In July 2007, India and Vietnam issued a joint declaration that established a "strategic partnership," paving the way for intensified ties to include upgrading an existing annual political consultation to a "Strategic Dialogue" at the vice ministerial

level.⁸⁴ In November 2009, Australia and India issued a Joint Declaration on Security Cooperation that outlined elements of cooperation in eight areas, including maritime security and defense dialogues, and called for high-level exchanges between civil and military defense officials, including their respective national security advisors.⁸⁵ This declaration built on a 2006 Memorandum of Understanding (MOU) on defense cooperation that highlighted, among other things, cooperation in maritime issues and defense research and development.⁸⁶

In October 2008, Japanese Prime Minister Taro Aso and Indian Prime Minister Singh concluded the first India-Japan Joint Declaration on Security Cooperation, which was followed the next year by an action plan to advance security cooperation. These agreements established a raft of security consultations, including an annual strategic dialogue between foreign ministers, regular consultations between national security advisors and a 2+2 dialogue between senior foreign and defense ministry officials.⁸⁷ In 2010, India also signed two MOUs with South Korea regarding a range of cooperative activities, from military diplomacy to bilateral exercises.⁸⁸

In March 2009, Australia and South Korea signed a Joint Statement on Enhanced Global and Security Cooperation along with an associated action plan, which outlined steps for defense cooperation on specific issues including maritime security, non-proliferation, counterterrorism and cybersecurity. The action plan also called for annual meetings of foreign ministers and defense policy talks between senior officials.⁸⁹

Australia and Vietnam issued a joint statement in September 2009 declaring the relationship a comprehensive partnership. The following year, they signed a further MOU on defense cooperation that created a framework for strategic-level policy dialogues, joint exercises and training, as well as humanitarian assistance and disaster relief.⁹⁰

TABLE 1: RECENTLY SIGNED BILATERAL INTRA-ASIAN SECURITY AGREEMENTS

YEAR	AGREEMENT
2012	Extension of the Bilateral Agreement between the Ministry of Defence, Government of India and the Ministry of Defence, Government of Singapore for the Conduct of Joint Military Training & Exercises in India [originally signed 2003]
	Agreement between the Government of Australia and the Government of Japan on the Security of Information (or Japan-Australia Information Sharing Agreement)
2011	Japan-Vietnam Memorandum of Understanding on Defense Cooperation and Exchange
2010	Agreement between the Government of Australia and the Government of Japan concerning reciprocal provision of supplies and services between the Australian Defence Force and the Self-Defense Forces of Japan (or Japan-Australia Acquisition and Cross-Servicing Agreement)
	Australia-Vietnam Memorandum of Understanding on Defense Cooperation
	India-ROK Memorandum of Understanding on Defence Cooperation
2009	India-ROK Memorandum of Understanding on Defense Research and Development Cooperation
	Updated Action Plan to Implement the Japan-Australia Joint Declaration on Security Cooperation
	India-Australia Joint Declaration on Security Cooperation
	Action Plan to advance Security Cooperation based on the Joint Declaration on Security Cooperation between Japan and India
	Australia-ROK Joint Statement on Enhanced Global and Security Cooperation
	Action Plan for Enhanced Global and Security Cooperation Between Australia and the Republic of Korea
	Australia-ROK General Security of Military Information Agreement
	Australia – Vietnam Comprehensive Partnership
	Japan-Singapore Memorandum of Understanding on Defense Exchanges
	Letter of Intent on Defense Exchanges between the Republic of Korea and Japan
	Memorandum of Understanding on Republic of Korea-Singapore Defense Cooperation
	ROK-Vietnam Agreement on Strategic Cooperative Partnership
	Singapore-Vietnam Defense Cooperation Agreement
	2008
2007	India-Vietnam Strategic Partnership Agreement
	Japan-Australia Joint Declaration on Security Cooperation
2006	Action Plan to Implement Japan-Australia Declaration Security Cooperation
	Australia-India Memorandum of Understanding on Defence Cooperation

In addition to crafting MOUs and framework agreements that lay out broad themes for expanded cooperation, countries are also making strides on specific security issues. For instance, over the past five years, nearly every defense MOU and agreement in Asia has highlighted maritime security as a key area for cooperation.

Intelligence sharing has also been a growth area for bilateral cooperation. This has been particularly evident among U.S. treaty allies. An intelligence-sharing agreement between Japan and Australia (signed in May 2012) and an acquisition and cross-servicing agreement (signed in 2010) both entered into force in 2013.⁹¹ (The United States is the only other country with which Japan shares a similar cross-servicing agreement, illustrating the degree to which Japan and Australia are committed to advancing their bilateral interoperability.⁹²) In 2009, Australia and South Korea signed an intelligence-sharing agreement similar to the 2012 agreement between Australia and Japan.⁹³

Meanwhile, Australia and the Philippines ratified their 2007 Status of Visiting Forces Agreement in July 2012, which provides the legal basis for future bilateral cooperation and exercises.⁹⁴ Australia and Indonesia authorized the Lombok Treaty in 2008, which was designed to further security cooperation between the two countries specifically on nontraditional security threats. Since then, the two countries have been pushing their military-to-military relationship forward, renewing a standing bilateral counterterrorism MOU in 2011 and signing a broader bilateral defense cooperation agreement in September 2012.⁹⁵

All in all, the unprecedented growth in security agreements in Asia over the past ten years reflects the maturation of security ties and suggests that they are likely to continue deepening. Rather than merely engaging in one-off operations or summit meetings, these countries

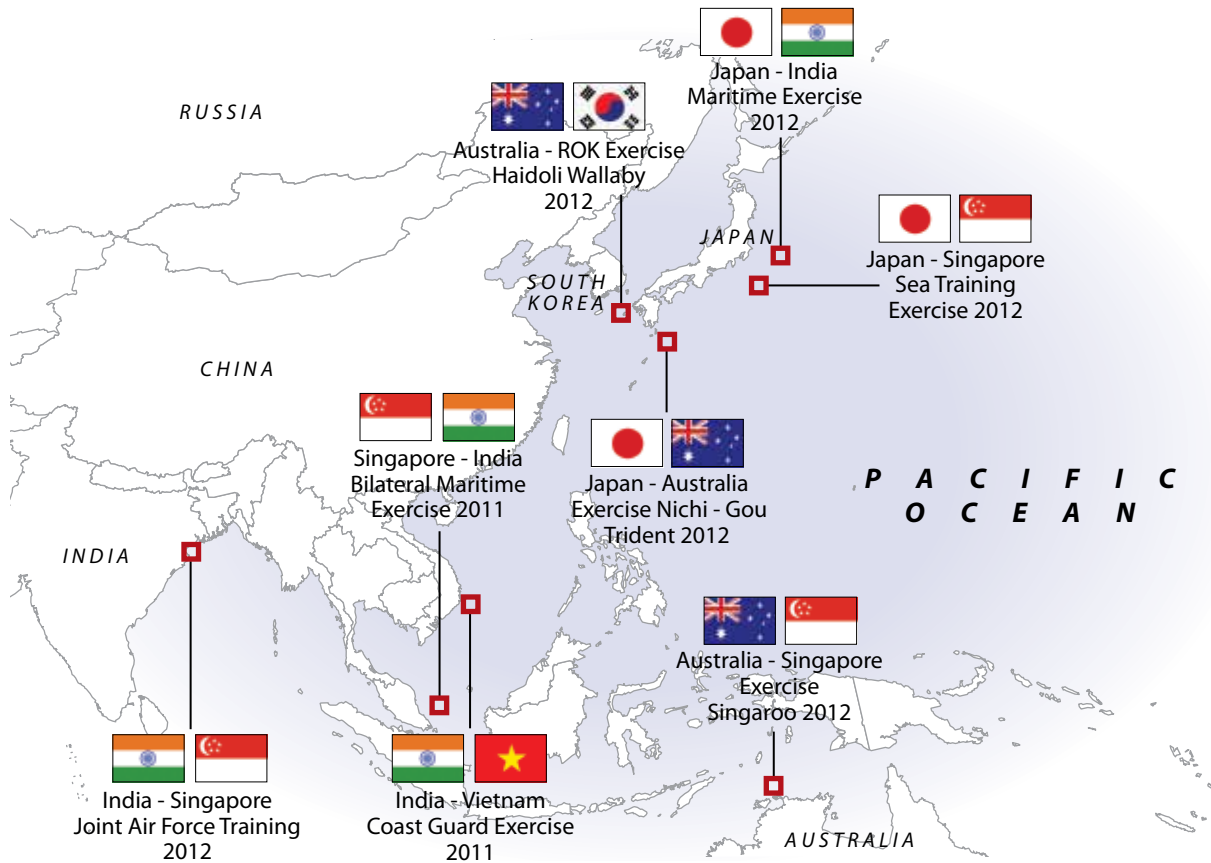
are creating solid foundations for both current activities and more robust cooperation in the future.

Joint Operations and Exercises

Enhanced defense cooperation in Asia extends well beyond official dialogues and agreements. Regional states are also engaging in an increasing number of joint military operations, largely focusing on shared interests in maritime security and humanitarian assistance and disaster relief (HA/DR). A primary example of this growing phenomenon is the multinational counterpiracy mission off the Gulf of Aden. Australia has contributed a senior staff member (the only non-American or non-European at a high-level staff position) to the Combined Maritime Forces, the 27-nation naval partnership that runs counterpiracy missions in the Gulf of Aden and the Indian Ocean. Japan has provided maritime aviation intelligence, surveillance and reconnaissance support and took over the position of lead navy in the Escort Convoy Coordination exercise in July 2012.⁹⁶ Other Asian countries have played active roles as well. South Korea's navy has consistently dispatched Yi Sunsin-class destroyers, and Singapore navy RADM Giam Hock Koon took overall command of the combined task force in March 2013.⁹⁷ India was also an early participant in these multilateral antipiracy operations.⁹⁸

Several countries are also cooperating on a bilateral basis in maritime security operations. As an early example of this trend, Singapore provided India in 2002 with port access for Indian navy vessels to help escort American merchant ships through the Strait of Malacca.⁹⁹ More recently in 2011, Hanoi granted Indian ships the rare privilege of stopping at Nha Trang port in exchange for Indian assistance in augmenting Vietnam's maritime capacity. This landmark agreement was interpreted as a sign of Vietnam's interest in supporting India's naval presence in Southeast Asia.¹⁰⁰

REGIONAL MAP OF MILESTONE EXERCISES



Asian countries have also conducted a number of joint HA/DR operations. In response to the 2004 Indian Ocean tsunami, the U.S. Pacific Command created Joint Task Force 536, with core staffing from the III Marine Expeditionary Force and the Lincoln Carrier Strike Group.¹⁰¹ U.S. forces were joined by military personnel from Japan, Australia and India, forming a core group and establishing a coordination framework for all military relief efforts.¹⁰² Several additional Asian countries contributed to Joint Task Force 536, including Indonesia, South Korea, Malaysia, Singapore and Thailand.¹⁰³

Asian countries have also cooperated in theaters outside of Asia. The Japanese and Australian militaries worked together on humanitarian

reconstruction efforts in Iraq. Japan's Iraqi Reconstruction Support Group, some 600 troops at its peak, deployed in February 2004. It was mostly composed of engineers and medical staff, and because of limitations in Japanese rules of engagement, security for the detachment had to be provided by other countries – the Netherlands at first, followed by Australia's Al-Muthanna Task Group. The task group consisted of a cavalry squadron, an infantry company, a training team and support units, totaling 450 personnel, 40 Australian light armored vehicles and 10 Bushmaster vehicles.¹⁰⁴

Australia has been a leader in advancing regional security cooperation, often with the aim of maintaining peace and stability in its immediate

neighborhood, which it terms its “arc of instability.”¹⁰⁵ Since 2002, Australia and Indonesia have co-chaired the Bali process, a framework for Asia-Pacific countries to combat illegal immigration, human trafficking and transnational crime. In October of the same year, Australia and Indonesia agreed to establish a bilateral joint investigation and intelligence team, and the two countries hosted the Sub-Regional Ministerial Conference on Counter-Terrorism in Jakarta in March 2007.¹⁰⁶ Similarly, since 2006, the Australian Federal Police and Vietnam’s Ministry of Public Security have cooperated to address border security, transnational crime, nontraditional security issues and immigration.¹⁰⁷ The deployment of an Australian frigate to Japan, where it has joined the U.S. 7th Fleet, enables closer Australian-Japanese cooperation as well.¹⁰⁸

Asia has also seen a growing number of joint military exercises. This reflects a desire to enhance trust through confidence-building measures, build greater interoperability between militaries and, in some cases, signal resolve to other countries in the region, including China.

Countries with relatively large military budgets – particularly Australia, Japan, South Korea and India – have been the primary organizers of joint military exercises. Japan and South Korea have conducted biennial search-and-rescue exercises since 1999.¹⁰⁹ In 2011, Australia held its first joint naval exercise with Indonesia since 1999, when their relationship ruptured over Australia’s support for Timorese independence.¹¹⁰ Also in 2012, Indonesian fighter jets participated in the biennial joint air exercise Pitch Black in Australia’s Northern Territories, joining Singapore, the United States, Thailand and New Zealand.¹¹¹

Australian cooperation with both Japan and South Korea has grown more robust and public over the past five years. The Australian frigate HMAS *Ballarat* conducted joint exercises with

both South Korea and Japan on a tour of Northeast Asia in 2012.¹¹² The South Korea-Australia Haidoli Wallaby exercise followed HMAS *Ballarat*’s port visit to Busan in May 2012. The Australian frigate then sailed to Japan for the Nichi-Gou Trident exercise in waters southeast of Kyushu in early June 2012. Both were antisubmarine and maritime interdiction exercises.¹¹³ The Australian foreign and defense ministries widely publicized the two milestone exercises, including in the Australian Defence Department’s 2011-12 Annual Report, which cited enhanced cooperation with Japan and South Korea as among its Joint Operations Command’s key achievements that year.¹¹⁴

The Indian military exercises extensively with Singapore, which enhances India’s access to the region and provides Singapore with much-needed physical space for military activities. Although the countries have been conducting the Singapore-India Maritime Bilateral Exercise in one form or another since 1994, the exercise was held in the South China Sea for the first time in 2005. Over the years, it has evolved from relatively simple antisubmarine training into a large, combined-arms exercise involving air, sea and subsea assets.¹¹⁵ Singapore and India have also conducted joint air force training and exercises since 2004.¹¹⁶

With two of the most capable navies in the region, Japan and India have enhanced their cooperation on maritime security. Since 2000, they have engaged in joint coast guard exercises emphasizing antipiracy, search and rescue and other maritime security missions, recently in Chennai in January 2012.¹¹⁷ The two countries held their first bilateral joint naval exercise off the Bay of Tokyo in June 2012: the Japan-India Maritime Exercise, which sought to practice antipiracy maneuvers and better understand each other’s operational and communication procedures.¹¹⁸ These exercises are lending long-awaited substance to a bilateral security relationship that was until recently mostly rhetorical.¹¹⁹

Although India and South Korea have not held joint naval exercises, their two coast guards have trained and exercised together, and both countries have pledged to conduct full-scale naval exercises in the future. This incipient cooperation is all the more remarkable given that before 2005, Indian and South Korean forces had never cooperated directly in any setting.¹²⁰

Vietnam has traditionally been a reluctant partner for regional militaries other than the United States and, to a lesser extent, China. However, in March 2012, Vietnamese and Filipino defense officials discussed holding joint maritime exercises, suggesting that Vietnam is beginning to diversify its security partnerships.¹²¹

Asian countries have also hosted important multilateral exercises that provide opportunities to strengthen their bilateral defense ties. Since 1995, India has hosted the Milan biennial exercise among neighboring littoral navies, including Singapore, Indonesia, Malaysia and Thailand.¹²² In 1997, Singapore and Malaysia joined India and Indonesia in a search-and-rescue exercise. Exercises conducted under the Proliferation Security Initiative have also provided venues for strengthening bilateral relationships; in one case, Australia sent a team to participate in the 2010 Eastern Endeavour exercise hosted by South Korea in Pusan.¹²³ In July 2012, Japan hosted Pacific Shield 12, with Australia, Singapore, South Korea and the United States.¹²⁴

The Japanese and Australian militaries frequently work together in the context of multilateral exercises such as the annual RIMPAC Kakadu (a biennial maritime exercise hosted by Australia) and Australia's multinational air exercise Pitch Black. Australia joined the long-running Japan-U.S. joint air exercise Cope North Guam in 2012 and again in 2013, sending F/A-18A Hornets and among other aircraft and elements.¹²⁵ Along with the United States (and occasionally the

United Kingdom and New Zealand), Japan joined Australia's TAMEX antisubmarine maritime surveillance exercises twice in 2009, twice in 2010 and once in 2011.¹²⁶ The three countries then conducted a trilateral naval exercise, Pacific Bond, in the East China Sea in June 2012 with a focus on antisubmarine warfare, maritime interdiction and refueling at sea.¹²⁷ Close Japan-Australia bilateral cooperation redounds to the benefit of multilateral exercises, many of which are facilitated by the high degree of interoperability between the two countries' forces – a result of the fact that they both procure many of their systems and platforms from the United States.¹²⁸

Singapore is also increasing its interoperability with Australia and sent fighter aircraft to Pitch Black for the first time in 2012.¹²⁹ In September 2007, Exercise Malabar, previously an India-U.S. bilateral exercise, was conducted in the Bay of Bengal with new participants Japan, Australia and Singapore. In May 2009, Japan was again invited to join the exercise off the coast of Sasebo, with a view to strengthening both trilateral cooperation and the individual bilateral military relationships.¹³⁰

Asian militaries are operating and exercising together with greater frequency and complexity than ever before – especially, but not exclusively, Japan, Australia, India and Singapore. Increased focus on terrorism and nontraditional security challenges has led to joint operations, including Operation Iraqi Freedom and counterpiracy missions in the Gulf of Aden. Multilateral exercises have also expanded to include new participants, but what is new and most striking is the increase in bilateral naval exercises among pairs of regional powers such as Japan and India, Australia and South Korea, and Australia and Japan. The overall trend is a progression from peacetime activities such as HA/DR and search-and-rescue exercises to mature, combined-arms exercises focused on warfighting capabilities.

RECENT INTRA-ASIA ARMS SALES



1. Vietnam will reportedly be the first third country to purchase the **BrahMos hypersonic cruise missile**, an Indo-Russian joint venture.

2. In 2012, India agreed to purchase eight **mine countermeasure vessels** from South Korea's Kangnam Corporation.

3. Japan is reportedly close to approving the sale of the Self Defense Forces' **ShinMaywa US-2 maritime search and rescue aircraft** to India, in a step toward relaxing its longstanding self-imposed ban on military exports.

4. The Japanese Defense Ministry is reportedly considering Australia's request to acquire Japan's highly-classified **Sōryū submarine** technology, widely considered the world's premiere diesel-electric submarine design.

Foreign Military Assistance and Arms Sales

Defense spending in Asia has risen rapidly in recent years, driven by booming economies, concerns about current and potential security threats and lingering questions about U.S. staying power. Asian countries together spent over \$287 billion on defense in 2012, for the first time exceeding total defense spending in Europe.¹³¹ Of particular note is rising investment in naval and air forces in the region.¹³² Representative of this rise in expenditures, real (inflation-adjusted) defense spending in India, Japan

and South Korea increased from 2000 to 2011 by 47 percent, 46 percent and 67 percent, respectively.¹³³ In 2013, Japan's new government under Prime Minister Shinzo Abe pushed to increase Japanese defense spending in anticipation of further widening the roles, missions and capabilities of Japan's defense forces. Furthermore, over the past five years, Asia and Oceania accounted for nearly half (47 percent) of global major conventional weapons imports, with India, South Korea and Singapore ranking first, fourth and fifth in the world, respectively.¹³⁴

This defense spending binge has created fertile ground for intra-Asian arms sales, supported by increasingly sophisticated domestic defense industries in the region. Local producers also have the advantage of being able to provide less expensive equipment that seldom requires purchasing the costly systems, parts and associated components necessary for maintaining high-end U.S. military hardware.

Systems designed for the maritime domain have attracted particular attention. China's rapid rise and assertive maritime behavior have generated regional demand for naval assets and maritime aircraft. Regional interest in submarines has also increased markedly – largely because of their asymmetric ability to increase uncertainty and deter more capable adversaries. Indonesia has inked a deal to construct three modified submarines using Korean technology, the first of which will reportedly be constructed in South Korea with Indonesian assistance.¹³⁵ Australia has shown interest in collaborating with Japan on its Sōryū submarine air-propulsion technology, widely considered the world's best long-range diesel technology.¹³⁶ Vietnam has also signaled that it is interested in Japanese submarines as well.¹³⁷

Asian countries are also looking to purchase surface ships from their regional neighbors. The Philippines has a preliminary agreement to acquire coast guard boats from Japan, and in 2006, the Philippine navy received two Patrol Killer Medium gunboats from South Korea.¹³⁸ Additionally, India will procure mine-countermeasure vessels licensed by South Korea, now considered one of the best shipbuilders in the world.¹³⁹ Thailand, too, has interest in South Korean designs and has chosen Daewoo Shipbuilding and Marine Engineering to provide a new frigate for the Thai navy.¹⁴⁰

Regional militaries are seeking to acquire maritime surveillance aircraft as well, particularly given the growing prominence of maritime disputes and

protection of sea lines of communication in the Asia-Pacific region. As Japan relaxes its longstanding self-imposed restrictions on arms sales, Tokyo is poised to approve its first international sale of a military aircraft, which would send ShinMaywa US-2 amphibious search-and-rescue aircraft to India.¹⁴¹ Intra-Asian military sales for the maritime domain have not stopped at ships and aircraft. In part to counteract China's near-monopoly on high-speed cruise missiles, Vietnam hopes to obtain BrahMos cruise missiles, jointly developed by India and Russia.¹⁴² The purchase would make Vietnam the first country other than India and Russia to receive the missile.¹⁴³

Fighter aircraft also provide key capabilities for self defense. South Korea and Indonesia are in the early stages of collaborating on a joint fighter aircraft project.¹⁴⁴ Indonesia is buying trainer aircraft from South Korea, with offsets to include transport aircraft for South Korea.¹⁴⁵ The Philippines, an archipelago state with a huge swath of islands to protect, recently ordered 12 trainer aircraft from South Korea.¹⁴⁶

In addition to hardware, Asian countries are offering military training and education programs to one another to build confidence and introduce officers to their different strategic cultures and operating procedures. The procurement of equipment provides opportunities for new forms of collaboration: India trains Vietnamese air force pilots, for instance, because they share similar fighter aircraft, and Delhi has promised to train Vietnamese sailors on Kilo-class submarines.¹⁴⁷ In 2007, Vietnam and India agreed to step up cooperation in the training of junior officers.¹⁴⁸ The Indian defense minister then promised in 2010 to help train Vietnamese troops for United Nations peacekeeping missions.¹⁴⁹ The next year, the two countries conducted their first joint mountain and jungle warfare training exercises in India.¹⁵⁰

Australia has also been a major provider of professional military education and training to Vietnam through its defense cooperation program. In the past ten years, over 150 Vietnamese defense students have studied in Australia, and over a thousand Vietnamese army officers have received training through the defense relationship with Australia.¹⁵¹ Canberra has also promoted cooperation with South Korea on training and education by inviting South Korean officers to attend Australian staff colleges and other advanced military schools, as well as fostering linkages between the Asia Pacific Civil-Military Centre of Excellence and various South Korean institutions, including the Korean National Defense University and the Research Institute on National Security Affairs.¹⁵²

are also providing key opportunities for Asian states to build capacity within the region.

The net result of these trends is that Asian militaries will be better trained and equipped to contribute to regional security operations. They will also have more interoperable platforms that allow them to work together in unprecedented ways. At the same time, however, there will be new potential for crisis and conflict as more militaries push out from their shores into a security environment that is increasingly crowded and technologically advanced.

Although intra-Asian arms sales are a nascent trend, the arms trade is a lagging indicator of greater military cooperation and should be expected to continue to increase.

Major Asian countries today are not only spending more on defense overall than in previous years but also buying more from each other. Although intra-Asian arms sales are a nascent trend, the arms trade is a lagging indicator of greater military cooperation and should be expected to continue to increase. Intra-Asian acquisitions and joint development initiatives reveal a strong preference for maritime and naval aviation assets that is consistent with the centrality of maritime security in Asia. Arms sales and military education programs

VI. IMPLICATIONS FOR U.S. STRATEGY

Asia is currently experiencing powerful trends of increasing economic, political and security interaction, reinforced by rapidly growing economies and modernizing militaries. In this context, the emerging Asia power web are likely to continue strengthening in the years and decades ahead.

The deepening of bilateral security relations will profoundly affect regional security. As a result, U.S. policymakers will have to think more creatively and strategically about how to leverage greater capacity and connectivity among allies, partners and potential adversaries. This pertains to the full spectrum of U.S. defense and security activities, from peacetime cooperation to contingency operations.

The policy challenge for the United States is to harness and channel areas of strategic advantage while attempting to parry potential sources of instability and threat. The ultimate contours of this increasingly complex regional security environment have yet to be determined. On the one hand, security dilemmas could devolve the region into competing blocs characterized by rivalry, arms races and heightened insecurities. Under these conditions, the United States could see competitive dynamics intensify with China while dealing with the fallout from weak regional institutions and conflict-prone allies and partners. On the other hand, increasing interconnectivity in Asia could lead to enhanced deterrence against aggression and provocation, buttressed by stronger institutions and greater levels of multilateral cooperation and transparency. Seeking to promote this latter alternative is consistent with U.S. goals of advancing regional peace and prosperity.

Strategies defined solely by historical notions of American primacy will fail to garner the benefits of a more networked security environment in Asia. Although traditional bilateral alliances and partnerships will remain the foundation of

U.S. strategy in Asia, U.S. policymakers will have to supplement them with approaches that move beyond the hub-and-spoke alliance model. This will require finding ways to channel power that is increasingly diffused among regional players. This expanded approach must also include identifying opportunities to leverage, rather than regulate, the enhanced relationships and capabilities of other states. In some instances, this will mean stepping back and resisting the temptation to assume a leadership role in advancing relations among allies and partners.

Against this backdrop, we consider several implications for regional security and U.S. strategy in Asia.

U.S.-China Competition and Cooperation

This report has sought to better understand and highlight the consequential security trends that are occurring without the direct participation of the United States and China. That said, the power balance and bilateral tenor between these two countries continues to be the predominant driver of security behavior in Asia. Policymakers in Washington, Beijing and capitals throughout the region should therefore be attuned to how the network of emerging Asian security ties will affect the U.S.-China security relationship.

From the perspective of the United States, the diversification of security ties in Asia could have the salutary effect of reducing the prominence of U.S.-China competition in regional disputes. In an alliance system in which the United States is at the center of every security issue, regional and territorial disputes between China and its neighbors often implicate the United States as the principal protagonist against Chinese assertiveness – as has been starkly demonstrated in recent years. During crises in the East and South China Seas, the U.S.-China dynamic has become a defining feature of the disputes, and U.S. responses are elevated to strategic tests of Washington's credibility.

If U.S. allies have nowhere else to turn for economic, political and military support, the onus will continue to fall on the United States alone to manage the pressures and instabilities that result from China's rise. This was evident during the standoff between China and the Philippines over Scarborough Reef in the South China Sea, which came at a time when Manila was relatively isolated from its Southeast Asian neighbors. With limited capabilities and few friends, the Philippines was unable to rally alternative sources of support in the region. In turn, with all eyes on Washington, many throughout the region viewed China's effective coercion of the Philippines as a proxy for Beijing's willingness and ability to test Washington's resolve.

This dynamic puts the United States in the difficult position of needing to meet its alliance commitments and maintaining regional security without provoking China into a major power war. As the bilateral ties described in this report mature, however, it will redound to the benefit of the United States if nations such as Japan and the Philippines, in the face of coercive pressure from China, can also turn to multilateral institutions and partners like Australia and India for supplementary economic, diplomatic and military support. Although China may not be deterred by the protestations of one country, a strong regional response could tip the calculus in Beijing toward resolving disputes diplomatically. This additional degree of separation could provide the time and space necessary to avoid unnecessary provocation and escalation of local disputes.

In addition to taking heat off of the U.S.-China relationship, stronger bilateral security ties in Asia will likely have a broader deterrent effect on Chinese assertiveness. A more diverse network of security relationships increases the number of potential participants in any regional dispute, rather than allowing countries to be confident of confining a conflict to a single adversary or a specific set of countries. China seeks to maximize its

advantage by attempting to keep regional disputes in bilateral contexts, and when unable to do so, it has exercised greater caution and moderation in the face of multilateral resistance.¹⁵³ In this way, a more complex web of security relationships in Asia that is able to better absorb and deflect episodic aggression portends greater regional stability. This will be particularly true if regional security integration leads to the development of asymmetric capabilities that raise the costs of Chinese assertiveness without producing high-end and offense-dominant security dilemmas.

Putting these pieces together, a more mature web of security relationships could potentially have a win-win effect for the United States, simultaneously creating a stronger deterrent against coercion and aggression and working to diminish the intensity of U.S.-China competition during regional crises.

These benefits will be undermined, however, if China perceives the United States to be the principal driver of alternative security networks. U.S. policy should reflect the subtle but critical distinction that stronger ties among its allies provide different strategic advantages for the United States than does simply having stronger and more interconnected alliances.

Although few in the region frame it in such stark terms, countries in Asia are beginning to balance and hedge against the possibility of a more assertive China. This sends a powerful message to Beijing that many in the region perceive China as a potential threat and that there will be considerable downsides in the form of counterbalancing if Beijing pursues an overly coercive foreign policy. Furthermore, policymakers in Asia have said privately that they can more effectively parry Chinese diplomatic pressure if they can credibly explain that their security behavior is self-interested and self-directed, rather than being dictated by Washington.¹⁵⁴

A diversity of enhanced bilateral security ties will serve U.S. interests – and partially deflect China’s strategic focus away from the United States – if they instill greater caution in Beijing without feeding into accusations that the United States is quietly coordinating a surreptitious containment strategy. U.S. policies that seek to strengthen capabilities and relationships in the network of Asian bilateral security relations should therefore carry a light fingerprint that permits current trends to develop organically. For example, rather than taking an overt leadership role, the United States can shape these trends by sharing technology, knowledge and intelligence.

When the United States does take a more active role in knitting together burgeoning security ties in Asia, it will be critical to do so in an appropriate diplomatic context. To the extent possible, China should be invited to join U.S.-led multilateral efforts in the region, as was done for the 2014 Rim of the Pacific exercise.¹⁵⁵ Beyond simply extending invitations, U.S. policymakers should work with regional partners to ensure that China is offered meaningful and credible roles in multilateral activities. Chinese participation that is viewed by Beijing as disrespectful will be even more counter-productive than not inviting China at all. Similarly, the United States should find ways to highlight and reward Chinese contributions to multilateral security efforts that have a net positive effect on regional and international security (for example in counterpiracy or peacekeeping).

In contrast, overly formalized and institutionalized mini-lateral dialogues and exercises that do not include China will contribute to a U.S. containment narrative and are likely to do more harm than good in terms of highlighting regional competition and division. Rigid and exclusionary concepts such as “Democratic Security Diamond” should therefore not serve as the strategic foundation of U.S. security engagement in the region.¹⁵⁶ U.S. allies and partners have also demonstrated

reluctance to participate in these types of arrangements: Australia withdrew from the so-called “Quadrilateral Security Dialogue” grouping with India, Japan and the United States following Chinese criticism of the Malabar-2007 exercise between those four countries and Singapore. Most recently, in April 2013, India reportedly pulled out of a planned trilateral naval exercise with Japan and the United States over concerns about China’s likely negative reaction.¹⁵⁷

Timing will also be important. U.S. initiatives should occur in the context of security challenges that are shared as broadly as possible, for example in response to nontraditional security threats and environmental issues related to climate change and natural disasters. On harder security issues, the United States should leverage opportunities for cooperation that are not directly related to China, such as responses to North Korean provocations or major natural disasters. These conditions often allow Asian governments to take bigger steps than would be politically permissible otherwise.

Managing Alliances and Partnerships

The diffusion of bilateral security ties in Asia creates opportunities for the United States to advance a number of objectives in the region related to the development of ally and partner defense forces that are more capable and more interoperable with each other and with the U.S. military. As militaries modernize throughout the region, U.S. policy should seek – with the diplomatic caveats raised above – to leverage these capabilities for the regional good. U.S. coordination could serve as a force multiplier by allowing regional militaries to contribute more together to regional peace and stability than they could individually.

The maturation of more networked security ties creates opportunities for the United States to help build partner capacity in ways that are different from, and potentially more efficient than, traditional bilateral security assistance and cooperation. In an era of

constrained resources, U.S. policymakers should explore avenues for a greater division of labor in which capable and like-minded states can contribute more efficiently to their own security and to public goods, thereby maximizing limited resources.

Consistent with the trends cited in this report, this is already occurring through bilateral ties that neither involve the United States nor draw directly on its resources. Another potential and more proactive avenue for the United States is to work with capable allies and established partners to build capacity in emerging powers and third parties. Enhanced relationships among, for example, Japan, Australia and the Philippines open doors for creative arrangements in which the United States provides critical capabilities and resources to the Philippines but looks to Tokyo and Canberra to complement Washington's assistance. U.S. policymakers should be tasked with finding similar opportunities for reduced redundancy and greater harmonization of purpose and resources. This could include rationalizing engagement calendars with key allies so that the region sees fewer exercises and training missions but an increased number of participants in the exercises that do occur.

Furthermore, as the network of security relationships in Asia deepens, there are likely to be instances in which U.S. allies and partners have close relationships with certain countries – such as Burma (Myanmar) and Vietnam – with which Washington would like to deepen its security ties. This could be potentially useful for the United States in instances where it is too politically sensitive for Washington to work directly with the capital in question, or vice versa. In this worthwhile departure from the hub-and-spoke model, U.S. allies and partners could serve a bridging function for the United States via their own bilateral relationships.

In addition to leveraging regional bilateral security ties to enhance partner capacity, the United

In an era of constrained resources, U.S. policymakers should explore avenues for a greater division of labor in which capable and like-minded states can contribute more efficiently to their own security and to public goods, thereby maximizing limited resources.

States should also seek to stitch together regional capabilities in ways that advance U.S. interests and contribute to regional security. Methods for doing this include building and sharing interoperable platforms, engaging in joint multilateral training and working toward agreements for sharing information and intelligence (and possibly combined information fusion and analysis) about topics of mutual concern.

The United States has considerable incentives to help create a more networked security environment in Asia. As previously noted, stronger linkages between more capable allies can have a strong deterrent effect on potential aggressors and can serve to supplement the U.S. military during crises. Greater interoperability of infrastructure, training and platforms can also contribute to U.S. operations by broadening the availability of potential access points during contingencies.

The destabilizing flip side of enhanced bilateral security ties is the possibility for adventurism and the escalation of crises into conflict. It is worth underscoring that these concerns also apply to potential regional rivalries that do not include

China. Individual countries may feel emboldened to engage in provocative actions if they believe that other partners will join in their defense. This is particularly troublesome for the United States in instances where it would be treaty-bound to respond. This problem is further compounded by the possibility of involvement by multiple parties, which could complicate de-escalation dynamics and broaden the conflict.

The potential for the United States to be drawn into a regional war underscores the urgency of active alliance management. As the Asia Power Web develops, U.S. policymakers should continue to ward against the possibility of entrapment or significant diversion from other strategic priorities. This requires being clear with alliance partners about mutual expectations, including the limits of U.S. support in the event of unnecessarily provocative or adventurous behavior by allies and partners. The United States will have to be particularly vigilant about managing expectations as it pursues enhanced access and presence arrangements in the region and should not create the impression that increased access for the U.S. military alters the terms of the U.S. commitment. Being consistent, present and reliable will remain essential for purposes of reassurance, but this is not the same as offering unconditional support.

Beyond concerns about crises and conflict, the development of stronger bilateral security ties has significant implications for peacetime cooperation. The United States should support the development of capabilities and complementary institutions that can be shared and deployed regionally for the greater good. The Asia-Pacific region is riddled with transnational nontraditional security challenges that require some degree of multilateral cooperation, including piracy, climate change, illegal fishing and trafficking in persons, weapons and drugs.

Greater shared responsibility could relieve the United States from bearing a disproportionate

burden and also bring greater resources to bear. This applies to regional responses to humanitarian crises and natural disasters, as well as to the peacetime provision of public goods, such as the policing of the sea lines of communication. At the same time, enhanced regional cooperation also increases the demand for the United States to contribute key capabilities, thereby retaining a critical U.S. role in regional integration.

Three potential areas stand out in this regard. First, the United States should further explore the development of more coordinated regional mechanisms to provide humanitarian assistance and disaster relief. This form of collaboration is an area where the United States has much to offer to interested partners; it is also politically viable and can create goodwill toward the United States and the U.S. military. A second notional area for U.S. leadership is in the development of a regional intelligence, surveillance and reconnaissance architecture to provide greater maritime domain awareness. This would provide much-needed assistance to less capable states to police their own waters more effectively, while ensuring that states that choose to test the limits of acceptable behavior will attract shared and unwanted attention.

Finally, the United States, in concert with allies and partners, should explore ways to enhance the civilian maritime capabilities of regional states. This would have the stabilizing effect of reducing the presence and role of naval forces, particularly as the region's waterways become ever more congested and the likelihood of incidents and accidents continues to rise. Areas ripe for cooperation include Coast Guard-like capabilities, law enforcement, submarine rescue and maritime deconfliction.

None of this should be read as a road map for American retrenchment. The challenges in the Asia-Pacific region are sufficiently great that the United States should not reduce its overall

commitment. In fact, a steady and continuing rebalancing to Asia is required, even as new bilateral ties among regional actors enable them to contribute more to their own security and that of the region.

Supporting Regional Order and Architecture

Whether these burgeoning ties contribute positively toward regional security or, alternatively, create greater discord will be in part determined by the relative strength of regional institutions. In the face of widespread military modernization and a complex array of security relationships, it will be increasingly important to ensure that disputes and crises are dampened and managed by multilateral institutions, rather than exacerbated by power politics and coercion. The underlying goal should be to move competition from the military realm into more peaceful diplomatic and legal mechanisms.

ASEAN and its related institutions and meetings have served as vital venues for managing competition between great powers while providing platforms for increasingly substantive confidence-building measures. These multilateral arenas therefore provide a cushion between the United States and China, which can often make U.S.-China cooperation politically and bureaucratically easier, as neither side is seen as leading a particular initiative.

To serve this function, however, ASEAN needs to maintain a relatively high degree of cohesion and capacity. Political fissures have at times derailed ASEAN's effectiveness and rendered moot its ability to manage competition. This occurred at ASEAN's 2012 summit, when China pressured Cambodia, which was serving as ASEAN chair, to prevent the discussion of sensitive maritime issues. The result was ASEAN's failure to issue a joint summit communiqué for the first time in its history.

In addition to the divisive role that China has sometimes played in the region, there are also

concerns that Southeast Asia could see political and economic fissures between mainland and maritime states. Any significant division within ASEAN would degrade many of the strategic benefits accrued by more networked security ties in the region. The United States should therefore continue to advance ASEAN unity and centrality, seeking when possible to avoid actions that would drive Beijing to undercut the cohesion of the organization. This includes working with less experienced future ASEAN Chairs (for example, Burma and Laos) to help build institutional capacity.

At the same time, although the construction of regional order will ideally include China, Beijing should not be given veto power over the substance and pace of multilateral security cooperation in Asia. The development of strong bilateral security relations can lead to habits of cooperation that can be tied together in multilateral settings. Creating multiple avenues for cooperation decreases the ability of any one state (including China) to serve as a circuit breaker on cooperation. The most effective mode of cooperation is to leave an open door for Beijing but retain the will and ability to proceed without Chinese participation if necessary.

With this approach in mind, the United States should seek ways to harness the deepening of bilateral security ties to strengthen the regional security architecture in Asia. ASEAN and its related institutions and meetings provide ample foundation on which to build, and the mechanism of the ASEAN Defense Ministers' Meeting Plus is particularly suited to the task. The five Experts' Working Groups of the ASEAN Defense Ministers' Meeting Plus offer a clear indication of the types of issues around which regional cooperation can be developed further.

These include maritime security, counterterrorism, disaster management, peacekeeping operations and military medicine. Bilateral cooperation is critical to the future of these endeavors, as each Experts'

Working Group is co-chaired by two countries, one ASEAN member and one nonmember. In this very direct way, stronger bilateral ties contribute to more productive multilateral cooperation. Reiterating the theme of using bilateral ties to link reluctant partners, the United States could propose an expansion of working group hosts to include an ASEAN country with other key pairs such as China and India, China and the United States, or China and Japan.

It is critical that the United States continue consistent and high-level engagement with ASEAN. Allies and partners in the region remain concerned that U.S. commitments will be undercut at some point in the future, either by a combination of insufficient resources and political will or by a decision in Washington that America's interests are better served by a more accommodating policy toward China at the expense of others in the region. Inconsistent U.S. engagement with ASEAN will reinforce these concerns and accelerate security policies that hedge against U.S. decline. The result could be an intensification of security ties in Asia that comes at the explicit exclusion of the United States.

VII. RECOMMENDATIONS FOR U.S. POLICY

Building on the analysis above, we propose nine recommendations for U.S. policy in the Asia-Pacific region.

Fashion U.S. bilateral alliances and partnerships to facilitate intra-Asian security cooperation. U.S. alliances and partnerships can serve as foundations for countries in the region to deepen security ties with one another in ways that contribute to U.S. national security. Greater interoperability of infrastructure, training and platforms can broaden the pool of potential partners and access points for the U.S. military. More capable partners that effectively work together can also reduce the operational, strategic and financial burden on the United States. U.S. bilateral security cooperation should emphasize building and sharing interoperable platforms, engaging in joint multilateral training, and designing agreements for sharing information/intelligence (and, in some cases, combined information fusion and analysis) about common interests or threats.

Allow bilateral intra-Asian security ties to develop organically and avoid overplaying the hand of U.S. leadership. U.S. policymakers should think beyond the U.S.-led hub-and-spoke model and supplement traditional alliances with policies that reflect the evolving and increasingly complex regional security environment in Asia. In many instances, playing an overt leadership role would degrade the strategic benefits that would otherwise accrue when regional states build bilateral security ties with one another, including a reduction in the intensity of U.S.-China security competition and an increase in the ability of regional states to deter aggression without U.S. assistance. When U.S. policymakers choose to support bilateral security ties among allies and partners, the United States should maintain a light fingerprint by, for example, sharing technology, knowledge and intelligence.

These contributions can be made in a subtle fashion that does not carry a prominent U.S. signature.

Set a favorable diplomatic context. To avoid corrosive misperceptions that U.S. policy in Asia is aimed at constraining China, U.S. engagement to enhance intra-Asian regional security ties should occur in appropriate diplomatic contexts. This means being inclusive toward China and avoiding too many overly formalized mini-lateral arrangements that are perceived as counterbalancing coalitions. U.S. policymakers should seize opportunities to advance regional cooperation that are not immediately connected to China-related security concerns – for example, responses to North Korean provocations and natural disasters.

Leverage capable partners to build third-party capacity. In an age of austerity, U.S. policymakers should seek opportunities to work more closely with highly capable allies and established partners – including Japan, Singapore and Australia – to build capacity in emerging powers and third-party countries. Looking for complementarity and leveraging the capabilities of partners should include efforts to rationalize opportunities for training and exercises. The United States should also use high-level bilateral engagements with close regional partners to devise explicit bilateral strategies for broader regional engagement.

Work with traditional allies and partners to build bridges to nascent U.S. partners. Policymakers should explore opportunities for existing allies and partners to serve a bridging function for the United States to deepen security ties with countries with which it has less well-developed relations. This could prove a vital avenue for the United States to engage certain potential partners, such as Burma and Vietnam, if domestic politics in the United States or the partner country constrain their ability to work together directly on security-related matters.

Focus on strategically important and politically viable areas for region-wide security cooperation.

The development of bilateral security relations in Asia creates new opportunities to knit together growing ties and capabilities for the benefit of the entire region. Given political and strategic considerations, particular areas in which U.S. policymakers should seek to create a more networked regional security environment include humanitarian assistance and disaster relief, maritime domain awareness and civil maritime law enforcement.

Manage allies against adventurism. U.S. policymakers will have to remain vigilant against threats of entrapment from adventurous allies and partners. This piece of alliance management will be particularly important in countries where the United States is seeking to expand its military access and presence. U.S. policymakers should be clear in private with allies and partners about U.S. commitments and expectations in the region and should publicly call on all sides to avoid unilateral actions that threaten regional stability. Holding allies and partners to account for provocative actions is an important way to signal U.S. commitment to a rules-based regional order. It also can help keep the United States from becoming embroiled in a protracted dispute that causes Washington to divert its attention from other strategic priorities.

Ensure consistent engagement with ASEAN and ASEAN-centered meetings and institutions.

Consistent and high-level engagement in regional institutions will be vital to sustaining America's traditional leadership role in Asia, particularly with ongoing questions in the region about whether the United States will possess the political will and financial resources to stay engaged. Reassurance about the enduring nature of U.S. engagement remains a vital task in the years ahead. This should include the participation of the U.S. president in the annual East Asia Summit leaders' meeting, of the U.S. secretary of state in the

annual ASEAN Regional Forum's foreign ministerial meeting and of the U.S. secretary of defense in the annual Shangri-La Dialogue. In a time of fiscal uncertainty, this type of engagement offers low-cost option that is often more effective than big-dollar defense spending.

Support the development of regional rules and institutions, emphasizing ASEAN centrality.

The development of intra-Asian defense ties will create an increasingly complex security environment infused with greater military capabilities. This underscores the importance of building a rules-based regional order in which disputes are managed and settled diplomatically, rather than through coercion and force. In this vein, the United States should remain committed to ASEAN centrality. Even though the pace and direction of ASEAN's consensus-based decisionmaking can frustrate U.S. policymakers, the alternative of a divided ASEAN would produce far greater challenges to U.S. interests.

VIII. CONCLUSION: SUPPLEMENTING U.S. ALLIANCES AND PARTNERSHIPS

U.S. bilateral alliances continue to undergird regional security in the Asia-Pacific region. The bilateral security ties examined in this report have not yet developed into a robust network of highly consequential and capable relationships. Indeed, the level of cooperation remains relatively immature in most cases. Our expectation, however, is that bilateral security ties will continue to deepen in response to economic and political integration in Asia, persistent security challenges and the potential for changing power balances in the region (including the rise of China and worries about the degree of enduring American presence).

These trends will highlight and sharpen a number of dilemmas that the United States faces in Asia today. U.S. policymakers will be tasked with navigating a China policy that deters without provoking, and solicits cooperation without compromising core values or U.S. commitments. At the same time, the United States will have to address concerns about the future American role in the region and reassure its allies and partners without encouraging reckless adventurism.

These challenges will require adjustments to U.S. strategy. The hub-and-spoke model of strengthening traditional bilateral ties will have to be supplemented by policies that more effectively leverage the capabilities and relationships of allies and partners. At the same time, certain stabilizing effects of emerging Asian security ties will most likely occur in the absence of overt U.S. leadership.

These developments should spur a change in mentality in Washington, and also in capitals throughout the region. A number of U.S. allies and partners remain overly nostalgic about, and reliant on, conceptions of U.S. hegemony and preponderance in Asia. This has led to complacency and continued free riding. The critical bridging or

cushioning function that regional states and institutions can play in moderating the U.S.-China competition will not occur without proactive leadership from countries like Australia, India and Singapore.

When the United States does engage to leverage bilateral security ties in Asia, it should pursue inclusive arrangements that ultimately increase the likelihood of enhanced regional cooperation.

When the United States does engage to leverage bilateral security ties in Asia, it should pursue inclusive arrangements that ultimately increase the likelihood of enhanced regional cooperation. Playing too prominent a role in building what look like counterbalancing coalitions against China will erode the strategic benefits of a more complex and diversified security landscape. U.S. policymakers can also rest assured that Chinese assertiveness will be met with balancing strategies throughout the region without nudging from the United States. This is already occurring today.

Growing security ties in Asia are likely to create anxiety in Beijing, particularly given China's maximalist claims in the South and East China Seas. But Chinese insecurities are a matter of degree, and U.S. policymakers should avoid actions that unnecessarily stimulate competitive dynamics. At the same time, because China's concerns about U.S. intentions cannot be completely ameliorated, it is important to remember that Beijing is not the only audience in the region. U.S. allies

and partners will be more likely to work with the United States if they perceive a good-faith effort by Washington to engage with China and to permit relations to develop in the region without the heavy hand of the United States.¹⁵⁸

The emerging Asia power web augurs well for the United States if enhanced bilateral security ties in the region produce new mechanisms to manage U.S.-China competition, additional avenues for building partner capacity and more capable multilateral institutions.

Regardless, the United States will have to stay deeply engaged in the region. U.S. interests in the Asia-Pacific region are sufficiently large – and the challenges sufficiently great – that the United States should continue the current momentum and commitment of rebalancing attention and resources to Asia, even as new bilateral ties among regional actors enable them to contribute more to their own security and that of the region.

ENDNOTES

1. Here, Asia refers to the 36 nations in the U.S. Pacific Command's Area of Responsibility, which stretches from India to Japan. U.S. Pacific Command, "USPACOM Strategy," accessed May 20, 2013, <http://www.pacom.mil/about-uspacom/2013-uspacom-strategy.shtml>.
2. Ibid.
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14. Defense Department officials have characterized the four pillars of the rebalancing as partnerships, presence, power projection and principles. Ashton B. Carter, "The Rise of Asia and New Geopolitics in the Asia-Pacific Region" (Indonesian Defense University, Jakarta, Indonesia, March 20, 2012), <http://www.defense.gov/speeches/speech.aspx?speechid=1761>.
15. U.S. Department of Defense, "Joint Statement from Secretary Panetta and Singapore Minister for Defence Ng," April 4, 2012, <http://www.defense.gov/releases/release.aspx?releaseid=15160>.
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43. Australia gave \$6.48 million per year, and South Korea gave \$3.01 million per year. After staying steady at just over \$5 million per year from 2007 to 2009, Australian aid to Thailand jumped to \$8.1 million in 2010, and then to \$8.7 million in 2011. Korean aid to Thailand increased by 140 percent, from \$2.5 million to \$6 million, from 2010 to 2011. It had not been higher than \$2.65 million between 2007 and 2010. See OECD/DAC data, available at <http://www.aidflows.org>.
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Its position on that list would be higher if the largest investor, Mauritius, which serves as a tax haven for investment into India, were discounted. The number of Japanese firms doing business in India doubled from 363 to 725 between February 2007 and October 2010. Japan ranked behind only the United States and the United Kingdom in cumulative investment in Australia at the end of 2011, capturing over 10 percent of the total. "Vietnam to attract US\$14 bln FDI capital in 2013," *Voice of Vietnam*, January 4, 2013, <http://english.vov.vn/Economy/Vietnam-to-attract-US14-bl-FDI-capital-in-2013/253089.vov>; Indian Ministry of Commerce & Industry, "Fact Sheet on Foreign Direct Investment (FDI)," April 2012, http://dipp.nic.in/English/Publications/FDI_Statistics/2012/india_FDI_April2012.pdf; Aarti Betigeri, "Japan and India: Asia's Odd Couple," *India Ink* blog on *NYTimes.com*, July 26, 2012, <http://india.blogs.nytimes.com/2012/07/26/japan-and-india-asias-odd-couple/>; Rajaram Panda, "Changing Dynamics of India-Japan Relations: Future Trends" (Slavic Research Center, 2007), 2; and Government of New South Wales, Australia, "Stock of Foreign Direct Investment in Australia by Country," April 12, 2013, <http://www.business.nsw.gov.au/invest-in-nsw/about-nsw/trade-and-investment/stock-of-foreign-direct-investment-in-australia-by-country>.

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