

## **U.S. Policy toward the Indo-Pacific: The Case for a Comprehensive Approach**

*Prepared statement by*

**Richard N. Haass**

President

Council on Foreign Relations

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Chairman Bera, Ranking Member Chabot, thank you for this opportunity to provide thoughts on America's way forward in the Indo-Pacific. As always, I am speaking in my personal capacity as the Council on Foreign Relations takes no institutional positions on matters of policy.

This subject is both timely and critical. Here is why: Just as Europe was the principal theater of international politics in the twentieth century, Asia will be where much of this century's history will get made. If the region remains largely at peace and continues to fuel global economic growth, where confrontation is minimized and cooperation enhanced, we can expect a century that is mostly prosperous and peaceful. If, however, the Indo-Pacific is marked by major power conflict, this century will take on a different and far darker future.

This vast area presents countless opportunities for the United States. It is home to some of our most important allies and partners, which we will need to enlist to address shared regional and global challenges. It contains many of the world's most innovative economies, is a manufacturing behemoth, and occupies an indispensable role in global supply chains. At the same time, the United States is confronted by multiple difficulties in this part of the world. Both these lists are long, and instead of touching on each item, I will focus on what I believe are the most important.

Above all, the United States must modernize its alliances and local relationships to deal with 21st century opportunities and problems. It needs to develop a strategy for managing its interactions with an increasingly powerful, assertive, statist, and oppressive China. It must reinvent its economic ties at a time when the region's economies are becoming more integrated and doing so with little or no U.S. involvement. And it must address North Korea's nuclear program.

While Washington will always be the hub of its alliance system, the spokes should be encouraged to do more with each other. An important piece of this effort will be to repair relations between Seoul and Tokyo. The United States should also fashion multiple coalitions of the willing, assembling a rotating set of partners to tackle democratic governance, climate change, regional disputes, maritime security, cyber governance, and supply chain security. Multilateralism should be central to the U.S. approach to the world, but multilateralism needs to be tailored and built around those countries and entities most relevant to the challenge at hand, and both able and willing to work together.

That brings me to China, but with a caveat: While it is true that China will be a formidable peer competitor for the United States in the decades ahead, it is important to think of U.S.-China relations as one element in a broader, more comprehensive Asia strategy. Crafting a strategy to contend with China is a necessary, but not sufficient, condition for American success in the region.

A critical advantage the United States enjoys over China is its network of allies and partners with which it can work to address global and regional opportunities and dangers. Put simply, the United States cannot deal adequately with China's power and reach unilaterally. It is therefore a welcome sign that Secretary of State Blinken and Secretary of Defense Austin made their first foreign trip to Asia, where they

met with the leaders of two of our closest allies, Japan and South Korea. In addition, President Biden participated in a summit level meeting with the other members of the Quad: Australia, India, and Japan. The announcement that the United States will work with members of the Quad to provide one billion COVID-19 vaccines to Southeast Asian nations is an innovative development and hopefully a preview of more to come. It also illustrates the importance for the United States to continue to provide public goods in the region, whether it be humanitarian assistance and disaster relief, or assistance in battling COVID-19.

For too long, the economic leg of our Asia strategy has been weak. In many countries, the United States is seen as mostly a security partner. While regional economic integration is picking up pace, first with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and now with the Regional Comprehensive Economic Partnership (RCEP), Washington has remained on the sidelines. The United States risks waking up to a region where China is the ever more dominant center of trade and investment, which would give it worrisome leverage over governments' geopolitical decisions. To address this growing problem, the United States should join CPTPP, which would provide economic benefits to American workers who are currently being shut out of markets and create an environment that would shape China's behavior instead of being shaped or worse yet coerced by it. CPTPP could also be used to combat climate change, as energy usage in the production of a product during its lifetime could and should affect price and market access. The United States should also collaborate with its partners to offer high-quality, sustainable infrastructure as an alternative to China's Belt and Road Initiative, possibly through a regional fund involving Australia, India, Japan, South Korea, Taiwan, and European countries.

I have argued elsewhere that U.S.-China relations lost much of their rationale in the post-Cold War period, as the shared threat that brought the two countries together disappeared and economic ties became an increasing source of friction. Hopes that economic integration would bring about a more open, moderate, and benign China never materialized. Not surprisingly, in the face of an emboldened and more assertive China, Sino-U.S. relations have become increasingly competitive and even adversarial. The challenge posed by China is far more complex than the one the United States faced when it squared off against the Soviet Union. Unlike the U.S.S.R., China is an economic powerhouse, one that is integrated into the global economy and enmeshed in nearly every supply chain. Contrary to the later stages of the Cold War, where there were well-defined spheres of influence and a modus vivendi between the two principal

protagonists, those conditions are not present today. Therefore, talk of a new Cold War with China is misplaced and distortive, and fails to capture the complexities of Chinese power. At the same time, the notion of complete U.S. economic decoupling from China is misguided and unfeasible.

Xi Jinping's China is qualitatively different than Deng Xiaoping's or Hu Jintao's. China is no longer content to assume a low profile and bide its time. It is forcefully asserting its national interests and pushing to revise the regional and international orders. Xi militarized the South China Sea, after pledging to President Obama that he would not do so. Under his leadership, China has quashed Hong Kong's freedoms and democracy, in contravention of the guarantees it made to the United Kingdom and to the people of Hong Kong. It has interned millions of Uyghurs in Xinjiang. It has ratcheted up pressure on Taiwan. In short, Xi's China is anything but a supporter of the status quo.

The United States will need to maintain a balance of power in Asia, compete with China across multiple domains, and push back harder with its allies and partners against Chinese actions that threaten U.S. national interests and democratic values. At the same time, Washington should try to bound this competition so that the two countries can not only avoid enduring confrontation and crisis, but work together on issues such as North Korea, Iran, Afghanistan, global health, and climate change. The goal of our China policy should be to shape China's choices, to impose costs when China takes actions that harm our national interests and values, and to reward responsible Chinese behavior. While we should call out China's domestic abuses when we see them, the principal focus of U.S. foreign policy toward China should be on shaping its external behavior, where our interests are many and large and our potential for influence substantial. What I describe here constitutes a classic diplomatic challenge for the United States and its allies and friends. It promises to be demanding, but it can be done. By contrast, regime change in China is beyond our ability to induce, and in any event is not a prerequisite to a successful China policy.

We should recognize that deterrence is eroding in the Indo-Pacific and we need to redouble our efforts to invest in capabilities that can deter Chinese adventurism and ensure that U.S. commitments are credible. This will entail shifting forces to Asia, dispersing them, and hardening systems and facilities. It will also require imploring our allies to invest more in their defense. We should continue to conduct freedom of navigation operations in the South China Sea, encouraging other nations to join, and finally ratify the

United Nations Convention on the Law of the Sea (UNCLOS), which would help our standing when advocating for international law of the sea. The core point here is that if the United States and its allies do not maintain an effective balance of power in this region, it will be impossible to protect our national interests and values in the period ahead.

Much work also remains to be done to address our imbalanced economic relationship with China. In the trade realm, the phase one deal negotiated under the last administration was not sufficient, but it is important that we hold China to its commitments, which it has yet to meet. We should focus on getting China to abide by the commitments it made when it joined the World Trade Organization, and seek to work with partners to reform the WTO. While some measure of decoupling in high-tech sectors is necessary, it is counterproductive to block trade in non-strategic areas such as agriculture and basic manufacturing. We should forge a more comprehensive trade deal that provides more market access in China for U.S. firms. We need as well to place a greater emphasis on supply chain resilience and work with partners to create trusted supply chains for critical goods. Diversification of sources, stockpiling, and domestic production all have roles to play. And we should develop with our allies and partners a shared approach to push back against Chinese economic coercion.

It is essential that we develop a strategy for emerging technologies such as artificial intelligence, quantum computing, and both 5G and 6G. Decoupling in many of these areas is inevitable. But we should be more selective in choosing which technologies to put restrictions on, using a scalpel rather than an axe. We will need to build evolving coalitions to deal with each of these issues. For instance, an ad hoc group on semiconductor equipment exports should include Germany, Japan, the Netherlands, South Korea, and Taiwan. A coalition to address telecommunications technologies should count Finland, Japan, South Korea, and Sweden among its principal members. A one-size-fits-all approach to these issues is destined to fail.

U.S. success across all these domains will depend on offering better options than does China. Too often, however, the U.S. approach has been to pressure countries to reject Chinese financing and products without offering alternatives. One could now say that U.S. policy toward China begins at home. To compete with China, the United States should markedly increase federal funding for basic research and development, reform its immigration policies to attract the best and brightest, and modernize its infrastructure. It should

offer to the Indo-Pacific an affirmative agenda that includes high-quality infrastructure for countries in desperate need of such investment, closer trade ties, and increased people-to-people exchanges. Joint projects with allies and partners will also give partners added reason to work with us to limit China's access to sensitive technologies or to exploit supply-chain dependencies.

An important dimension to competing with China will be to demonstrate the success and appeal of our domestic model. To display competence in overcoming the COVID-19 pandemic, to oversee a robust economic recovery, and to demonstrate that democracy can meet today's challenges undermines China's attempt to justify its domestic repression and export its autocratic model. Much of what we did or failed to do in recent months and years gave China room to push its narrative that democratic principles and practices are ill-equipped to deal with this era's opportunities and risks. This must change.

Through all of this, we should keep in mind that China also faces multiple internal problems, from an oppressive political system that can stifle creativity and criticism to an economy in fundamental transition, an aging population that will soon shrink, environmental degradation, an inadequate social safety net, and a poor healthcare system. Its politics are top-heavy and increasingly personalized, and there is no legitimate succession plan for when Xi Jinping no longer exercises power. The United States can compete with China over the long haul if we are diplomatically, economically, and militarily present in the Indo-Pacific and strong at home; indeed, it is inconsistent to advocate a tough China policy and not push for a united, competitive America.

I want to spend some time speaking about Taiwan, because it may well be the only current issue that could lead to a full-scale war between the United States and China. The chance of conflict is increasing: China's military modernization is giving its leaders greater confidence that they can use force to achieve their objective of unification, while Beijing likely also feels emboldened as China met little resistance when it militarized the South China Sea and moved against Hong Kong. The stakes for the United States are enormous. If it fails to respond to a Chinese use of force, there is a real risk that regional allies will conclude that the United States cannot be relied upon. These Asian allies would then either accommodate China, or they would seek nuclear weapons in a bid to become strategically self-reliant. The 24 million people of Taiwan would see their democracy and freedoms crushed. China would subsume the island's vibrant, high-

tech economy and overnight become the world's leading semiconductor manufacturer. China's navy would gain an increased ability to project Chinese power throughout the western Pacific.

We should act to reduce the chances of Chinese aggression and maintain the status quo in the Taiwan Strait. An agenda should include developing a credible plan to deny a PLA fait accompli, making contingency planning for a conflict a top priority for the Pentagon, and coordinating contingency planning with Japan. Parameters for U.S. planning should be to defend Taiwan and raise costs to China, but to do so in a manner that leaves escalatory decisions to Beijing. The United States will need to have tough conversations with Taiwan about the need for it to invest more in its own defense and to increase its military preparedness. The United States should make clear to China that using force against Taiwan would put its continued economic growth at risk. Congress should pass a law that would impose severe sanctions on China should it attack Taiwan. A complement to this would be to line up European and Asian support for such sanctions. The United States should work with Taiwan to help it resist Chinese coercion. Washington should assist Taiwan with cyber defense and help it diversify its economy, which the United States can facilitate by exploring a bilateral trade agreement with the island. At the same time, the United States should make clear to Taiwan that it does not support its independence.

Finally, in addition to these steps, the United States should update its declaratory policy. Strategic ambiguity has served the United States well for four decades, but the assumptions that underpinned this policy are eroding. It is time for the United States to adopt a position of clarity, making explicit that it would respond to a Chinese attack on Taiwan, as well as Chinese coercion against Taiwan such as embargoes. And as noted above, it is essential that such a change in declaratory policy be accompanied by changes in U.S. planning, capability, consultations, and commitment. All this is far more important and far more constructive than symbolic upgrades to how we conduct relations with Taiwan.

North Korea continues to improve its nuclear arsenal, and there is no evidence that the previous administration's approach has lessened the threat. At the same time, strategic patience – which is a fancy phrase for neglect – will not work. Nor will an all-or-nothing U.S. policy that offers to remove all sanctions in exchange for North Korea's complete denuclearization, in which case we will end up only with a growing North Korean nuclear arsenal. Instead, what we need is a more modest approach, a "something-for-

something” deal. In this scenario, North Korea would halt testing and commit to limits on its arsenal in exchange for some sanctions relief. The goal of denuclearization would not and should not be abandoned, but it would be understood to be a long-term objective.

I want to close by making ten points to counter widespread myths, hopes, and narratives about the region:

1. We should stop talking about regime change in China – it is beyond our capacity to produce and it is unclear that a more liberal and restrained China would emerge. Fashioning a comprehensive foreign policy toward an authoritarian China must be a national security objective. The good news is that it is not just necessary but doable.
2. The term “Cold War” is not an accurate depiction of the U.S.-China relationship, and containment is not a feasible doctrine. China is fundamentally different from the former Soviet Union and the U.S. response should likewise be different.
3. Having frank conversations with China’s top diplomats and holding a real strategic dialogue with Beijing on a regular basis is in our national interest. Those conversations should not be made conditional on Chinese behavior or viewed as a favor that we do for China.
4. Trying to force countries to choose between the United States and China will not work. Here as elsewhere, all-or-nothing demands will likely produce the latter.
5. Talk of a NATO for the Asia- or Indo-Pacific is misplaced and unnecessary. These countries do not have shared threat perceptions, and there is too much historical baggage to put together such an alliance.
6. Europe’s appetite for confronting China is limited. Generally, European countries do not view China as a systemic problem. Europe will resist broad efforts to isolate China economically, and both will not and cannot play a meaningful role in contending with it militarily.
7. While India is an important partner, it is unlikely to become a formal ally. It wants to avoid a breakdown in its relations with China, and will zealously guard its strategic autonomy while it focuses on managing its fraught relationship with Pakistan, its domestic development, and its border with China.
8. To promote democracy and partner with democracies should not be an exclusive organizing principle of our approach to the region. The United States will need to collaborate with non-democracies like

Vietnam in order to balance China, but we will also need to work with non-democratic China to deal with specific challenges, such as North Korea.

9. We should not conclude that what has worked for forty years regarding Taiwan will continue to work. What is required is an adjustment of the means of U.S. policy, not the ends.
10. Military presence is an essential dimension of what we do in the Indo-Pacific, but it cannot substitute for an adequate diplomatic and economic presence and policies. Nor can the United States succeed in the Indo-Pacific if it remains divided at home and unable to act on policies essential for its competitiveness.

Again, thank you for the opportunity to testify on a region that will, more than any other, shape this century. I look forward to your comments and questions.