

The New US Foreign and Security Policy vis-à-vis Northeast Asia

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After the end of the Second World War the US became the chief guarantor of peace and security in the Asia-Pacific by preserving a continental balance of power. The “San Francisco System” signed in San Francisco on 8 September 1951 not only restored independence to Japan but also established the bilateral US-Japan Security Treaty, which granted the United States the right to maintain armed forces in and about Japan, and at the same time encouraged Japanese rearmament. Viewed from the perspective of a separate peace, which neither invited Communist China nor the Chinese Nationalist regime, the San Francisco system thus laid the groundwork for an exclusionary, asymmetric system that not only detached Japan from its closest neighbours and had long-term consequences for the Chinese-Japanese relationship, but also introduced what became the classical hub-and-spokes system consisting of additional bilateral security alliances between the US and Australia, New Zealand (ANZUS, 1951), the Republic of the Philippines (1951), the Republic of Korea (1951), and finally Thailand (after the dissolution of the Southeast Asia Treaty Organisation (SEATO) in 1967). By the end of the 1960s the US had gradually established outposts from Hawaii to Manila. And ostensibly the system propelled Japan, and partly the other partners, into a posture of looking east across the Pacific to America for security and, indeed, for its very identity as a nation.

THE EVOLVING US-CHINA STRATEGIC RELATIONSHIP

As a result, what was created and had to be accepted by China’s leaders for almost five decades was American geostrategic dominance in the Pacific. Even when the country had become more prosperous after the introduction of capitalist market principles in 1978 and its military transformation had started at the beginning of the 21st century, Beijing’s goal was still not to achieve strategic parity with the United

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States. Rather it was to catch up with the West economically. With annual growth rates averaging around ten percent, China surpassed Japan as the biggest foreign holder of US Treasury securities in 2008 and became the largest creditor nation in the world. Today the country is the second largest economy in the world after the United States, the world's biggest recipient of direct foreign investment, as well as the US' and EU's most important trading partner – as a matter of fact, as the Atlantic powers consider how to pivot together to Asia, Asia, that is particularly China, is pivoting to the Atlantic as well.¹

As a result, within the past decade the world has witnessed an increasing interdependence between the Chinese and American markets, requiring comprehensive and strategic US economic statecraft to maximise the opportunities and manage the risks of a rising China. The problem, however, is that China is different from Japan, which was the main US strategic concern in the 1980s. Unlike Japan, Chinese politics over nearly four decades now has retained a pervasive role in the economy, seeking to keep control over private businesses and become the world's major sciences and technology power by massively acquiring strategic technology assets abroad. These plans are backed with huge financial power and policies that distort markets and disadvantage US and European firms. In other words, US hopes that China's integration into the global economy signalled converging interests between China and the West soon turned out to be an illusion. With the economic relationship becoming ever bigger, political tensions between Beijing and Washington arose simultaneously especially when it comes to bilateral investment ties. While seeking supply-chain efficiencies by moving production to the US and at the same time building protectionist walls, China has become the No. 1 economic challenge to the US.²

At the same time China's assertiveness as a great power is challenging the military status quo in the Asia-Pacific, heating up old territorial disputes and contested historical issues and provoking US responses to maintain the so far unchallenged US dominance in the Pacific. Signs have become even more explicit that China's rise is turning into a real game changer in Asia and worldwide. Beijing views the US as a major threat because it is a global power and as a regional power with global power aspirations, China will do everything possible to neutralise threats from the US.

All this has happened at a time when there was a growing concern in Washington about the potential medium or long-time decline in America's military pre-eminence and Pentagon officials worried about the US armed forces' capability to operate globally in forward defence of allies and partners. After two cost-intensive

¹ Daniel Hamilton, *Asia's pivot to the Atlantic: Implications for the United States and Europe*, pp. 125-172.

² Matthew Goodman, "Global Economic Monthly: The China Challenge and CFIUS Reform", Center for Strategic and International Studies (CSIS), Washington, 31 March 2017.

wars in the Middle East and Southwest Asia the US wanted to minimise stabilisation operations in favour of enhancing its political and economic engagement in the Asia-Pacific. But as China's primary objective is to create armed forces capable of deterring America's projection of power into China's offshore waters ("anti-access/area denial" (A2/AD) capabilities), US military and geostrategic interests in the region were (and are) also directly affected.³ That is why the Obama administration's pivot to the region in the end was a comprehensive one, requiring growing trade and economic engagement, active but effective diplomacy, but at the same time military investment and presence. Officially, this "rebalancing" to the region was not meant to contain China, because of the realities of globalisation and interdependencies in US/EU-China relations, but today it is no longer just an American effort to integrate China into the liberal international order. Rather Washington under the second Obama administration had been following an alternative, multi-faceted balancing strategy between these two poles that incorporates elements that undermine China's capacity to misuse its power ("hedging strategy"), but at the same time continues to interact with China politically and economically ("engagement strategy"). This strategy was driven by the conviction that Washington has to avoid a major strategic rivalry – or even clash – with Beijing, but at the same time must uphold the regional balance of power by creating new preferential trading agreements with US allies in the region (which consciously bypass China), preventing China from acquiring military and strategic capabilities that would enable Beijing to inflict major harm on the US and its partners, and improving US military force projection capabilities along the Asian rimlands.

HOW CHINA IS CHALLENGING THE US

There is no doubt that currently the main challenge and threat for the US is coming from China's new assertiveness in its foreign and security policy. China's particular strategic concern lies within its immediate neighbourhood, that is, the "first island chain" or "inner island chain," which includes the Yellow Sea, the East China Sea, and the South China Sea. Beijing's almost aggressive approach to traditional maritime disputes with Japan, Vietnam, and the Philippines in this region is driven by the ambition to accumulate "comprehensive national power", including the preservation of internal order and high levels of economic growth necessary to preserve social order⁴, while at the same time developing "asymmetric capabilities" that will

³ Council on Foreign Relations, *Council Special Report No. 72*, March 2015.

⁴ Ashley Tellis, "China's Grand Strategy: The Quest for Comprehensive National Power and its Consequences", in Gary Schmitt (ed.), *The Rise of China*, New York: Encounter Books 2009.

enable its forces to offset America's ability to intervene militarily should, primarily, a conflict over Taiwan arise.

This strategic goal of enhancing its status as a central actor in the global system (particularly as part of the most relevant international institutions or by setting up new institutions) contrasts with China's only slowly evolving role as a "responsible stakeholder" or "normal great power" (very much welcomed by the US and the rest of the world⁵). In the recent past, Beijing rather pursued a global strategy that tried to avoid damage to its relations with other major powers, assuming a defensive role on issues such as the conflict in Iraq/Syria, the Iranian nuclear programme, or, most recently, the Russian-Ukraine crisis – if at all it presented an obstacle, it has been in concert with Russia or other non-permanent members of the United Nations Security Council (UNSC).

Meanwhile, however, China from Washington's perspective has increased its involvement in Central Asia (Afghanistan), in peace-keeping and counter-piracy missions in general, or in Africa (as in the cases of Mali and Sudan) and the Middle East (Libya) in particular⁶ and thus is challenging the US global power status as well. Strategic planners in Beijing have realised the country's eventual exposure to conflicts in the Greater Middle East, and how important the development of forward-deployment assets and access to port facilities in countries along the Indian Ocean (such as Pakistan, Bangladesh and Myanmar), the Mediterranean (Egypt, Greece and Israel) or on the Horn of Africa (Djibouti) are. This will enable the country to respond more effectively to such crises and to consolidate its extended geographic periphery in the Indo-Pacific and beyond. China today is surrounded by major power competitors, among them not only Russia, Japan, and India, but also smaller states, such as South Korea or Vietnam, which have started to distance themselves from China. Above that, these concerns have been heightened not least by worries about a diminished US role in the Greater Middle East which Beijing has exploited to accelerate its soft power in its western periphery by rigorously implementing its plans for a Silk Road Economic Belt (also known as China's Belt and Road Initiative – OBOR) and Maritime Silk Road. Both projects will connect the country with its key markets and resource supply routes from Central Asia to the Middle East and Europe via the sea as well as on land.⁷ Parallel to these efforts China is trying to build new alliances to counterbalance the US alliance system and promote a new security concept that is managed by Asians alone. In other words,

⁵ Adam Quinn, *Obama's National Security Strategy: Predicting US Policy in the Context of Changing World Views*, Chatham House, January 2015.

⁶ Kerry Brown, "Mixed Signals: China in the Middle East", *FRIDE Policy Brief*, No. 190, December 2014.

⁷ Matthew Goodman and Jonathan Hillman, *Asia's next act: Infrastructure reshapes the region*, Center for Strategic and International Studies (CSIS), 24 October 2016.

China's ambition seems to be to dominate Asia and recreate a new bipolar system globally.⁸

Accordingly, the accelerated militarisation on China's part in Washington's view reflects more than rising economic clout and assertive nationalism. China's heightened assertiveness on maritime disputes since 2008 also includes the use of trade and economic instruments (such as oil-drilling in disputed territories or restrictive import and export measures) to serve its strategic goals, but is primarily driven by an increased military presence of Chinese vessels and aircraft in their waters and airspace demonstrating that the takeoff of digital technology and the revolutionary transformation of precision-guided warfare have reached the People's Republic. China's asymmetric capabilities today include a wide range of weaponry, among them: nuclear warheads; short-range and medium-range ballistic missiles; long-range cruise missiles; a "fourth generation" jet aircraft as well as a "fifth generation" stealth fighter (Chengdu J-20); missile-carrying submarines, warships, and aircraft; an envisioned though still distant fleet of aircraft carriers; advanced command and control centres; laser and radar systems; new satellite surveillance systems; and anti-satellite and cyberwar capabilities.⁹ US strategic planners are convinced that these capabilities increase the potential costs (including missile attacks on US bases in Guam and Okinawa) if a conflict with China should arise.

It is for this reason that the international community in general and the US in particular do worry about China's bullying actions in Southeast Asia, including its increasingly aggressive actions in the South China Sea. Though Beijing claims that it is seeking a peaceful resolution to the maritime disputes with five other nations (Vietnam, Malaysia, the Philippines, Brunei, and Taiwan), China has repeatedly referred to its "nine-dash-line" as a legitimate entitlement to its territory and maritime zones, rejecting any claims of those countries to have similar rights. Although Beijing was willing to negotiate a binding "code of conduct" with other claimants, it has never taken such talks seriously. Instead it started to develop a land reclamation strategy of island-building to create "facts on the sea", including air bases and port facilities as well as the detachment of armed coast guard vessels. It has enforced its own interpretation of rights and obligations within the 200 nm exclusive economic zones (EEZs) by denying other countries, including the US, access to what it perceives as its own exclusive zone – contrary to the terms of, and its obligations under the UN Convention on the Law of the Sea (UNCLOS).

Even though there still is no clear definition of the rights and obligations of states regarding military activities within the maritime zones of other states, the

⁸ Liselotte Odgaard, "How to defuse Sino-US tensions in the SCS", in *ISS Reports, No. 28, Sense and sensibility: Addressing the South China Sea disputes*, Paris, May 2016, pp. 17-24.

⁹ Patrick M. Cronin et al., *Tailored Coercion: Competition and Risk in Maritime Asia*, Washington DC: Center for New American Security, March 2014.

Permanent Court of Arbitration in the Hague has ruled in June 2016 in favour of the Philippines on most counts, including the most sensitive issue, by declaring that China's nine-dash line lacks any legal basis.¹⁰ Beijing, however, has neither accepted nor complied with the Court's ruling and instead took even more aggressive actions to assert its sovereignty claims, not least by declaring an air defence identification zone (ADIZ) over the entire area contained within the nine-dash line. By doing so, Beijing has challenged the other claimants as well as the US for a united, hard line vis-à-vis China, putting the former more than ever before at the mercy of the two global powers. While they had learned to "balance, hedge, and bandwagon" between two distinct orders in the past, they now are rethinking their economic as well as security ties with both powers.

The problem with this is that the US itself in the past has sent mixed signals regarding this maritime muscle-flexing. When Washington sent the guided-missile destroyer *USS Lassen* within 12 nm of features that have been subject to Chinese land reclamation efforts in October 2015, it clearly followed the idea that any country can exploit the resources in its own EEZ, but that the EEZ waters are still open for passage by other countries – an idea that China openly rejects. By not accepting the nine-dash line, the contested islands at the same time are de facto not part of China's EEZ in the view of the US and thus, any country can exploit the resources in this high sea and the US can defend its own alleged right to conduct military activities in contested zones.

If the US' first interest however is freedom of navigation (FON), meaning access by the US Navy to areas outside any legally established territorial waters surrounding islands or other features, including the so-called Exclusive Economic Zone that extends for 200 nautical miles beyond such waters, it cannot blame China for potentially obstructing commercial shipping or flights across the South China Sea as long as Beijing has never done anything like that. Similarly, Washington must stop its vague opposition to undefined "coercion" by Beijing or others in the South China Sea.

US STRATEGIC PLANNING TO COUNTER THE CHINESE CHALLENGE

It is hard to tell whether China would respond militarily at any point once its alleged rights to territorial sovereignty and maritime zones are threatened. Anyway, its military modernisation agenda is provoking those who take America's overwhelming military superiority in the Pacific for granted, especially in the United

¹⁰ Stewart Patrick, "Surface Tension: Chinese Aggression Roils Southeast Asian Waters", in Council on Foreign Relations, *The Internationalist*, 12 April 2016.

States and Japan. That is why the American response is also calling to mind the early years of the Cold War, when American and Chinese values and interests were rather adversarial than convergent. To many strategic planners in the US, preserving American primacy for the future thus requires replacing the concept of integrating China into the global system with one that is balancing its rise and reinvigorating US core principles for national security, that is: prevent any threat of conventional and unconventional attacks on the US; maintain the regional balance of power in the Asia-Pacific through American leadership (that is, manage the geostrategic challenge of a more assertive China and escalating tensions and competing claims in East and South China Seas); prevent the use and proliferation of nuclear weapons and other weapons of mass destruction (WMD) (North Korea); and promote global prosperity.

In US strategic planning circles, the most widely publicised concept to implement such a strategy is aimed at countering “emerging anti-access/area denial challenges” (called Air-Sea Battle (ASB)). First mentioned publicly by the secretary of defence in 2009, it calls for integrated air, sea, space, and cyberspace forces capable of overcoming the “asymmetric capabilities” of adversaries by “disrupting, destroying and defeating” their A2/AD threats.¹¹ Though US officials emphasise that the concept does not specifically target China and is still a rudimentary projection, it, in fact, dates from the early 2000s when China (and Iran) was identified as the major adversary and operations such as destroying surveillance systems and missile defences, followed by air and naval assault were part of the Pentagon’s Grand Strategy. The same is true for alternative strategic concepts such as the Pentagon’s overarching JOAC (Joint Operational Access Concept), Army and Marine Corps projections such as the GMAC (Gain and Maintain Access Concept) and JCEO (Joint Concept for Entry Operations), and the Navy’s MDBS (Mutually Denied Battlespace Strategy).¹² All of these strategies focus on amphibious, airborne, and air assault operations to gain and maintain inland access to the adversary’s territory, while the Navy’s plan relies on US maritime superiority to deny access to Chinese warships in their own and surrounding waters. At the same time, the United States announced plans to shift long-range B-1 and B-52 bombers as well as a fleet of surveillance drones from the Middle East to the Pacific to intensify its consistent air presence in the South and East China Seas.

There are, however, two reservations about Washington’s military “pivot to Asia” or “rebalance toward the Asia-Pacific region”. First of all, as mentioned above, it was/is part of a grand strategy, which former Secretary of State Hillary Clinton

¹¹ Department of Defense, Air-Sea Battle, Washington, 12 May 2013, www.defense.gov/portals/1/documents/pubs/ASB-Concept.

¹² Charles Flynn and Joshau Richardson, “US Army, Joint Operational Access and Global Readiness”, *Military Review*, July/August 2013, pp. 38-44.

presented in an article on “America’s Pacific Century” that could be interpreted as a clear signal by the Obama administration that the hegemonic Pax Americana should be maintained by a multi-dimensional, less confrontational and, above all, more balanced multinational power sharing.¹³ While according to this view it was necessary to develop high-level diplomacy with China and at the same time deliver on the Trans-Pacific Partnership (TPP), it was also important that any US Grand Strategy includes interoperability with allies and the support of regional partners to develop their own AD capabilities against China. Second, due to sequestration caps in the recent past, and because Washington wanted to avoid a major confrontation with China, the US’ military pivot so far has been nevertheless small. That is why the US’ security role vis-à-vis the region is based on deterrence and offshore balancing. At the same time, the US is trying to “enable” partners to build and strengthen a regional security network together with the US, including a ballistic missile defence (BMD) posture – a strategy that is likely to be pursued by the Trump administration as well, which indeed has announced a significant increase in defence spending (by 10 percent), but seems to be less concerned about military and security affairs, particularly superiority over rivals.

A NEW WEB OF PARTNERSHIPS

Such a network would consist of three elements: One that focuses on joint US military operations that optimise cutting-edge weaponry and technologies for intelligence, surveillance and reconnaissance (ISR), robotic and unmanned systems, and cyberspace. The second aspect involves greater strategic bilateral and intra-regional cooperation (with direct or indirect US support) with traditional Asian allies like Japan and South Korea and, beyond that, other powers in Southeast and South Asia. The third and rather new element would be another pivot (or rebalancing) by the US within Asia, away from the almost exclusive traditional concentration on Northeast Asia toward closer contacts with the Association of Southeast Asian Nations (ASEAN) members; this would also imply moving from mostly bilateral relations to more multilateralism.¹⁴

Taken together, all these elements imply that – despite all aspirations for cooperation and interdependence with China – current developments in Asia are

¹³ Hillary Clinton, “America’s Pacific Century”, *Foreign Policy*, 11 October 2011, <http://foreignpolicy.com/2011/10/11/americas-pacific-century/>. See also Patrick Cronin, *America’s China Paradigm is Back on Track, War on the Rocks*, 21 February 2014, <http://warontherocks.com/2014/02/Americas-china-paradigm>.

¹⁴ Patrick Cronin, “The Pivot and underlying US interest in Asia”, in Hans Binnendijk, *A Transatlantic Pivot to Asia: Towards New Trilateral Partnership*, Center for Transatlantic Relations, Washington DC, June 2014, pp. 51-74.

again shaped by the inherently confrontational and hierarchical aspects of the San Francisco System with the US' military role remaining one of offshore balancing.

The main element of this system, based on bilateral security alliances, had been the containment of the communist expansion in the region. Today, the US as a Pacific power again retains an element of being the distant security guarantor that provides shelter for and promotes incremental militarisation of its closest allies such as Japan, Korea, and Australia – all of them being concerned about North Korea's development of nuclear weapons and mounting tensions with China. The new element in the current evolving security architecture in the region, however, is the increasing significance of multilateral institutions (East Asia Summit; ASEAN-US summit) reflecting the common interest of smaller and middle-sized Asian states and the US as an external actor to accommodate and incorporate China into the security architecture.

At the heart of the reinforced bilateral partnerships still is the relationship with Japan whose test of the first Patriot Advanced Capability-3 interceptors deployed in March 1998 at Iruma Air Base in Saitama, north of Tokyo, as part of a shield introduced in response to missile tests by North Korea, triggered a series of policy decisions that prioritised establishing a multi-layered missile defence system in close collaboration with the United States. Ever since, Japan has expressed concerns over China's military modernisation and incrementally lifted earlier restrictions on arms exports (anticipating the selling of submarines to countries like the Philippines and perhaps Vietnam) and a ban on the military use of space. In 2010, the revised defence guidelines for the first time took note of a “global shift in the balance of power”, worrying about the relative change of influence of the United States in the region and new “grey zone areas” such as the Korean Peninsula, the Taiwan Strait, and the seas and islands (in the case of Japan the Senkaku islands) to the South threatened by China.¹⁵ At the same time, they also reflect Japan's willingness to develop technologies capable of a more proactive defence posture and thus deepen the security alliance with the United States in areas such as contingency planning, joint training and operations, and technology cooperation, with a particular focus on ballistic missile defence.

The result of Japan's continuous efforts to set new parameters for the cooperation with the US is the new Guidelines for US-Japan Defence Cooperation, released in April 2015. These guidelines allow greater flexibility for the defence planners in both countries pursuing “seamless, robust, flexible, and effective” bilateral responses and providing “general framework and policy direction” for the cooperation

¹⁵ Adam Liff, “Japan's 2010 National Defense Program Guidelines – Reading the Tea Leaves”, *Asia Pacific Bulletin*, 89, Washington, 22 December 2010, www.eastwestcenter.org.

necessary for such responses.¹⁶ They focus on how both countries will respond to the security concerns that directly affect Japan's security by singling out space and cyber as the two domains that hold the greatest potential for expanding cooperation. For the first time, the guidelines mention cooperation in defence equipment, encouraging Japan to come up with a coherent policy on how it wants to nurture its defence industrial base.

Apart from Japan, the strategic relationship with South Korea remains essential to maintain the balance of power in Northeast Asia. Parallel to the agreement with Japan, Washington and South Korea have embarked on the idea of shared command structures at the tactical level in June 2015. By establishing a combined division comprising units of the US 2nd Infantry Division and the Republic of Korea (ROK) Army 8th Mechanised Infantry Division, both sides want to strengthen their capacity of making swift and coordinated tactical responses to crises in an expeditious manner. The presence of the combined division north of Seoul is to help deter conventional North Korean threats by displaying a robust alliance at the operational, but also tactical level. Above that it is to make North Korea more cautious in planning any military aggression against that area.¹⁷ The agreement has been accompanied by a clear signal by Washington to extend its security guarantee to South Korea by increasing support for the ROK's BMD capabilities as well.

Along with the reassurance of staunch allies in Northeast Asia, Washington has launched several initiatives to rebalance itself within the Asia-Pacific by growing partnerships with many Southeast Asian states, which primarily pursue soft balancing of China. As evidenced by recent Chinese activities in the South China Sea, the stakes are growing fastest in South and Southeast Asia. Though Australia and the Philippines have always been the Southern anchors of US partnerships in the Pacific – with Australia being the essential link in the US' Indo-Pacific strategy – countries such as Singapore, Vietnam, Indonesia or Malaysia are meanwhile reaching out to Washington for stronger military (as well as economic and political) cooperation – and, vice versa, the US is pivoting to them. In October 2014, Washington lifted its restrictions on some military sales to assist Vietnam in resisting Chinese territorial encroachments in the South China Sea. Since 2011, the US has participated in several joint military exercises with all of these countries, and spent over \$100 million on involving joint military forces, interagency activities, and several partner nations. It has further increased its efforts to support and prepare the countries for shared regional challenges according to their specific relevance by, e.g., pushing the

¹⁶ *Guidelines for US-Japan Defence Cooperation*, United States Department of Defence, https://www.defense.gov/Portals/1/Documents/pubs/20150427 - GUIDELINES_FOR_US-JAPAN_DEFENSE_COOPERATION.pdf, 27 April 2015.

¹⁷ David Eunpyoung Jee, "America and South Korea strengthen military Alliance", *The National Interest*, 10 June 2015, www.cnas.org/publications/commentary/america-and-south.

Philippines to develop a full range of defence capabilities; improving Indonesia's air-sea capabilities; upgrading Singapore's air force capabilities; expanding the scope of activities during the annual US-Vietnam naval exercises; and advocating substantial international military and education training (IMET) expansion throughout Southeast Asia. All these efforts are meant to guarantee US deterrence and the regional balance of power by sustaining not only a forward military presence in the Asia-Pacific, but also enabling its network of allies and strategic partners to deter other states, primarily China, from challenging American core values and interests such as the freedom of navigation.

THE IMPACT OF TRUMP'S ELECTION

With the election of Trump, America's traditional role as the offshore balancer is likely to erode if the president follows his campaign rhetoric. Particularly his view on trade can have implications for security in the region as well. Trump's withdrawal from TPP (and other multilateral trade agreements such as the Transatlantic Trade and Investment Partnership) while at the same time scaling up protectionist measures and squeezing economic concessions from China on trade and alleged currency manipulations will probably – at least temporarily – increase output growth, possibly reaching 4%, by driving up the price of import-competing goods and triggering higher inflation (with the Fed's independence coming under attack). This will have positive impacts for the world economy, including Europe. It will, however, also have serious implications for the US' economic and strategic interests in the region in the medium run by giving Beijing leeway for its own geopolitical interests. Although the other 11 members came to an agreement in the form of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), it is likely that China will try to make use of the situation and shape the rules in the region to become favourable to its interests. As with Russia, Beijing will be eager to fill the power vacuum left by the US' geopolitical withdrawal. The consequences could be a double backlash to US interests: Economically, more countries could start giving up their traditionally rather neutral position between China and the US and rebalance toward Beijing, while countries relying on the US' security umbrella (like Japan) might think of other strategic options. At the same time the idea of disrupting commerce with China would not only negatively affect US manufacturing supply chains with Chinese facilities (which cannot simply be disrupted by huge new tariffs anyway) but also have a huge impact on the US budget deficit being primarily financed by Chinese currency reserves. Against this background the crucial challenge for Washington will be to accept that China is becoming a maritime power that operates in maritime zones traditionally controlled by the US and its allies on the one hand, and further support the principles of sovereignty and

maritime zone rights without compromising globally recognised principles of international law on the other hand. Although Trump has so far increased the number of “Freedom of Navigation Operations” (FONOPs), Washington could potentially agree to scale down its own FONOPs and overflight exercises – which it recognises as customary international law – without giving up on its status as offshore balancer for the other ASEAN claimant nations, thereby probably avoiding any escalation of major encounters at sea.

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