

IV. Strengthening American Diplomacy

Building the cooperation and coalitions necessary to renew American competitiveness in the Indo-Pacific—on security, technology, and trade and investment—will require deft and determined diplomacy. There is no escaping the fact that Beijing enjoys considerable home field advantages in the competition for regional influence. China is geographically proximate to Indo-Pacific states, is a leading trading partner throughout the region, and boasts impressive cultural and people-to-people ties.

China has supplemented these inherent strengths by spending heavily to expand its diplomatic corps, cultivating a cadre of increasingly seasoned diplomats well versed in the politics and culture of many Indo-Pacific countries. Beijing is directing diplomatic resources—including scarce leader-level time and attention—to the region's pivotal states, summits, and institutions. Recognizing that many Indo-Pacific nations receive insufficient focus from the United States, China is garnering considerable return on these diplomatic investments, particularly when combined with unrivaled economic inducements. Meanwhile, Beijing is constructing and strengthening regional institutions within the Indo-Pacific that threaten to undermine the role of the United States and codify rules and norms that further advance China's leadership in the region.

Still, Washington retains important advantages in the diplomatic competition with Beijing. The United States possesses long-standing alliances and partnerships, and is generally seen as less threatening than China due to America's distance from the region and its open and transparent system. Most states, even if at times deferential to Beijing, continue to welcome U.S. leadership and participation in regional affairs.⁷⁵ Nevertheless, U.S. diplomacy in the region has been inconsistent and at times incoherent, leading regional states to question the enduring commitment of the United States.

The prospects for a free and open Indo-Pacific will dim in the absence of greater U.S. attention and resources for regional diplomacy: Regional states will increasingly drift toward Beijing and prioritize Beijing's preferences on critical issues ranging from security cooperation to trade; foreign political support will erode for forward-deployed U.S. forces and military ties with the United States; and multilateral bodies will increasingly reflect China's positions on issues ranging from freedom of navigation to human rights.

To ensure American competitiveness in the region, the United States will need to increase its diplomatic

investments and develop a nimble, innovative, and responsive diplomatic strategy. This should start with a concerted focus on upgrading bilateral ties with vital allies and partners. Washington should also do more to manage disputes in the region that draw energy and focus away from the China challenge—including between Japan and South Korea, as well as Southeast Asia nations in the South China Sea.

Washington should also commit to sustained and high-level engagement in regional institutions throughout the Indo-Pacific. This should include participating in the region's premier summits, increasing the U.S. role in subregional organizations, and coordinating more closely with allies and partners regarding forums where the United States does not participate.

The United States can supplement these efforts by developing new forms of diplomatic, political, and cultural exchange. The United States can do more to help train diplomats in the Indo-Pacific and develop deeper ties at the subnational level. Washington should also focus on bolstering youth programs throughout the region.

Finally, the U.S. government itself should be reconfigured and resourced to reflect the critical importance of the Indo-Pacific. This should include increasing the relative size of core foreign policy and national security bureaucracies responsible for the Indo-Pacific at the State Department and Treasury Department. New positions and institutions within government will also have to be created to manage a number of issues that cut across traditional institutional boundaries. Finally, the U.S. government will need new mechanisms to engage with domestic stakeholders in academia, industry, and civil society with whom greater collaboration will be necessary to enhance American competitiveness.

Recommendations for U.S. Policy

ENHANCE DIPLOMACY WITH THE HIGHEST PRIORITY ALLIES AND PARTNERS IN THE INDO-PACIFIC

Host a regular trilateral dialogue between U.S., Japanese, and Australian national security advisors

Japan and Australia share U.S. concerns about China's regional ambitions and together form the core of several regional plurilateral initiatives, including the Quad. They are critical to the success of any U.S. regional strategy. For this reason, the U.S. national security advisor should convene an annual high-level trilateral with Japanese

and Australian counterparts to discuss and coordinate policy. In addition, this grouping should be considered a possible core around which future plurilateral gatherings across the Indo-Pacific could be organized. This effort would be separate from and complementary to the bilateral two-plus-two initiatives that occur between the U.S. secretaries of state and defense and their counterparts.

Upgrade and institutionalize high-level bilateral diplomacy with key Asian partners, particularly India, Indonesia, and Vietnam

The United States should invest in more institutionalized bilateral cooperation with critical partners, particularly India, Indonesia, and Vietnam. For India, the current two-plus-two mechanism involving U.S. secretaries of state and defense should be upgraded into something that broadly resembles what was formerly known as the U.S.-China Strategic and Economic Dialogue, which also involved the Treasury secretary. For Vietnam, the current “comprehensive partnership” should be elevated into a strategic partnership, a process that the United States followed with Indonesia. In concrete terms, this could involve concluding a bilateral investment treaty and loosening visa restrictions, as well as more support for Vietnam’s navy and air force, regular joint exercises, and additional U.S. Navy port calls. Finally, although the United States and Indonesia already have a “strategic partnership,” the bilateral relationship has nonetheless lagged behind others in the region. Accordingly, the United States should enhance the partnership with a more robust focus on stalled economic interaction; shared discussions on Indonesia’s vision of Indo-Pacific security; and cooperation on efforts to address election-related disinformation, as well as other issues associated with strengthening good governance.

Strengthen diplomatic and security ties with Taiwan

Taiwan’s continued success as a flourishing democracy is an important ingredient to realizing a free and open Indo-Pacific. The United States can do much to strengthen its diplomatic and security relationship with Taiwan and increase Taiwan’s freedom of maneuver without unnecessarily provoking Beijing. On the economic side, Washington should prioritize a bilateral investment treaty and free trade agreement with Taipei to offset China’s efforts to isolate the island from international economic agreements. On the political side, to compensate for China’s successful efforts to

shrink Taiwan’s international space, the United States can explore new plurilateral initiatives with Taiwan that would give it opportunities to interact with other countries more regularly on the kinds of issues that are discussed in forums that Taiwan cannot join. The United States should also consider supporting or partnering with Taiwan on efforts to counter China’s influence over local media. Given that Taiwan’s most important relationship will remain the United States, enhancing the quality and frequency of diplomatic interactions between Washington and Taipei should be prioritized, beginning with a review of the State Department’s guidance on bilateral personnel engagement. With respect to security matters, the United States should reaffirm its commitment to the Taiwan Relations Act at high levels and with greater frequency. It should also change existing DoD policy to commence bilateral military exercises, including naval and air exercises that seek to enhance cross-strait deterrence.

Intensify cooperation with Europe on Indo-Pacific diplomacy

Leveraging transatlantic cooperation in the Indo-Pacific could serve as a force multiplier for U.S. efforts to build a freer and more open region. To that end, the United States and Europe should increase high-level dialogues focused on Indo-Pacific affairs (at the cabinet and minister level) and inaugurate regular working-level dialogues on Indo-Pacific affairs among those American and European officials responsible for Indo-Pacific economic, military, and security matters. These efforts could help produce a more coherent transatlantic agenda for the region, one that could be discussed and amended through regular joint U.S.-EU statements on the region. Greater coordination on human rights issues, development issues (e.g., Mekong subregion), and higher standards for the Belt and Road could shape the region’s trajectory in ways consistent with U.S. and European values. In addition, on security matters, the United States and Europe could work to strengthen NATO’s partnerships in the area, including through such efforts as NATO’s Interoperability Platform and Enhanced Opportunities Partners program. The United States and select European states could also engage in joint counterpiracy and freedom of navigation operations in the Indo-Pacific. Europe could be more involved in Asian multilateral institutions, and while many European states joined AIIB, the United States should encourage more regular European participation in a variety of other efforts. For example, the EU president has not always

participated in the East Asia Summit, and European participation is generally limited across the region's key multilateral bodies. Scheduling high-level meetings with European counterparts on the sidelines of these summits could help to induce their involvement. Finally, in addition to the European Union, Washington should advocate partnerships between the OECD and Indo-Pacific multilateral institutions, particularly in economic or technical areas.

Proactively seek to resolve disputes between allies and partners, including in the South China Sea, as well as between Japan and South Korea

The United States should engage in leader-level efforts to proactively resolve disputes among allies and partners. Improving ties between Japan and South Korea, which have seen relations dip to their lowest ebb in decades, is vital to competing effectively with China. The downturn in ties has jeopardized military exercises and intelligence sharing, undermined trilateral cooperation, and provided China an opening to weaken the U.S. alliance system. Similarly, disputes among allied and partner states in the South China Sea have weakened the ability to construct coordinated approaches to dealing with China's illegal and assertive behavior. Settling disputes between Brunei, Malaysia, the Philippines, Taiwan, and Vietnam in the South China Sea's Spratly Islands would allow for a more unified response to China's sweeping territorial claims, as well as stronger joint negotiating positions vis-à-vis Beijing on energy exploitation and a regional code of conduct.

Continue to prioritize assistance to Asian states on energy and climate resilience, and rejoin the Paris climate agreement

The Indo-Pacific region is at once a major contributor to climate change and also uniquely vulnerable to its effects. For over a decade, the region has been responsible for more than half of all carbon-dioxide emissions. At the same time, climate experts have noted that while climate change disruption will be global, much of it will be in East, Southeast, and South Asia. The United States can burnish its partnerships in the region by leading in this area. Accordingly, U.S. government efforts in this area deserve continued attention and resources. This includes Asia EDGE (Enhancing Development and Growth through Energy), which has catalyzed a total of \$1.5 billion in public and private investment.

To further enhance U.S. leadership and engagement in the region, the United States should also reverse its announced intention to withdraw from the Paris climate change agreement and should recommit the United States to consistent leadership in the United Nations Framework Convention on Climate Change (UNFCCC). Since the United States announced its planned departure from the agreement in 2020, China has assumed a more significant leadership role in global climate change governance, including at successive summits under the UNFCCC framework. Without the United States in a more active leadership role, there will be no counterweight to China reducing its ambition or backtracking on commitments when it feels that its domestic economic circumstances warrant it. Active U.S. participation in the Paris process would also support U.S. efforts to insist that China follow strong environmental stewardship standards in its development finance efforts. If the United States is more active in financing mechanisms promoted by the Paris agreement, including the Green Climate Fund, the State Department will be in a far stronger position to raise concerns about China's BRI investments in legacy fossil fuels.

Selectively remove barriers to foreign and security assistance to strategic U.S. allies and partners in the Indo-Pacific

U.S. legislation—including the U.S. Arms Export Control Act, the Leahy Law, and the Foreign Assistance Act—sometimes complicates or prohibits security assistance to countries in the Indo-Pacific, particularly those that have suffered democratic backsliding or engaged in human rights violations in the past. Congress should consider narrowly amending some of these laws to permit rare exceptions for those cases in which prohibitions on cooperation either harm U.S. national security or ultimately reduce U.S. leverage and lock in even more repressive policies. For example, the Foreign Assistance Act has prohibited U.S. security cooperation with Thailand because of its military coup. This has in part led Thailand to deepen military and political cooperation with China and Russia. Similarly, various well-intentioned legislative proposals responding to human rights abuses in the Philippines are pushing Manila closer to Beijing, damaging U.S. interests and reducing U.S. influence on the very issues of concern. Similarly, enhanced cooperation with Vietnam has at times been hindered by existing restrictions. New and existing legislation should permit the executive branch some discretion to pursue limited cooperation on a case-by-case basis.

DEVELOP NEW DIPLOMATIC, POLITICAL, AND CULTURAL EXCHANGES WITH PARTNER STATES

Shift International Military Education and Training funding to the Defense Department and create a similar State Department program for foreign diplomats

The United States invests heavily in military exchanges (e.g., International Military Education and Training or IMET), inviting officers from foreign militaries to participate in graduate programs at U.S. military academies or to attend U.S. universities. Today, IMET is funded by the State Department. A reorganization of foreign training programs should shift this authority and appropriation to the Pentagon while creating a new International Diplomat Education and Training (IDET) program focused on expanding opportunities for foreign diplomats at U.S. graduate programs. Today, diplomats from Europe and Northeast Asia are sent to attend graduate school at some of the best international relations graduate programs in the United States. An IDET program would open the door for diplomats from key partners in South and Southeast Asia to pursue similar opportunities. With funding lines similar to today's IMET program, this would expand, regularize, and institutionalize educational and training opportunities for diplomats across the Indo-Pacific. This office could administer programs that invite diplomats to participate in the State Department's own various training and educational programs. It could also fund and administer opportunities for foreign diplomats to earn graduate degrees at U.S. universities or participate in courses at certain U.S. military academies. Importantly, the office should also assume responsibility for sending U.S. diplomats to the diplomatic academies and foreign service institutes of other countries, as the United States has occasionally done with India.

Increase high-level visits to key allies and partners in the Indo-Pacific, including by U.S. congresspersons, mayors, and governors, and create a State-Commerce initiative to brief these officials properly

America's diplomatic agenda would benefit from more regularized high-level visits to the Indo-Pacific, not only from the president and vice president, but also from U.S. congressional delegations, governors, and mayors of major cities. A critical task in making

these delegations effective is to brief participants on U.S. priorities and interests and the strategic, political, and economic developments within the region. The State and Commerce departments should create a joint initiative that would help arrange meetings for congressional, mayoral, and gubernatorial delegations traveling abroad to brief them on matters related to both business and strategy. This initiative could also detail foreign service officers to the offices of governors or mayors, or fund them to travel with congressional, mayoral, and gubernatorial delegations. With respect to briefings, those members of Congress who wish to keep briefings within the legislative branch could use Congressional Research Service staff; for mayoral or gubernatorial delegations, the joint initiative between State and Commerce would supplement a traditional focus on commercial matters with greater strategic knowledge. In both cases, the availability of a service provided by this joint initiative would reduce barriers to overseas travel and increase knowledge ahead of it.

Ramp up youth exchanges and establish additional Fulbright Universities in the Indo-Pacific

Large youth populations in the Indo-Pacific will come to play a central role in shaping the region's future. As an important supplement to official high-level diplomacy, the State Department's Young Southeast Asian Leaders Initiative (YSEALI) and other cross-sectoral initiatives such as Fulbright University Vietnam have proved successful models for building ties with younger generations of Southeast Asians.⁷⁶ The U.S. government should expand youth engagement programs across the Indo-Pacific, particularly by harnessing the strength of U.S. universities and other academic and research institutes, to maximize international students' and researchers' exposure to American political culture and liberal democratic values. These efforts should include welcoming to the United States foreign students from underrepresented Indo-Pacific countries through scholarships and other fellowship programs.

The United States should also found additional Fulbright Universities in the region. The Fulbright University Vietnam was established in Hanoi in 2016 as the country's first independent nonprofit university. It offers undergraduate and graduate classes in a range of disciplines, including engineering, public policy, and the liberal arts. Funding for the university is provided by a unique public-private structure, with Congress appropriating several million dollars each year to continue operations. Given the positive impact the university

has had on the U.S.-Vietnam relationship and young Vietnamese students, similar Fulbright Universities should be pursued elsewhere in the region.

Create an Asia-Pacific Center for Security Studies satellite office in the Indo-Pacific

The Department of Defense should expand the Asia-Pacific Center for Security Studies (APCSS)—an institution with a long history of training military officers throughout the Indo-Pacific—by creating a satellite campus in the Indo-Pacific west of Hawaii (an “APCSS-West”) in an allied or partner state. This campus could supplement offerings by the APCSS headquarters in Hawaii. In addition, the Department of State could leverage the footprint of APCSS by appointing State Department personnel to serve as instructors in training courses for foreign diplomats.⁷⁷ Potential locations include Bangkok, Hanoi, Jakarta, Kuala Lumpur, and Manila.

DEEPEN ENGAGEMENT WITH REGIONAL INSTITUTIONS IN THE INDO-PACIFIC

Participate actively in Asia’s leading multilateral institutions

Asian multilateral organizations, and particularly their annual leader-level summits, represent one of the key avenues through which the United States can shape political developments in Asia, make its case for a free and open Indo-Pacific, reassure Asian states of the U.S. commitment to the region, and efficiently engage a wide range of regional leaders. The most significant of these forums include the annual U.S. summit with the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF), the Asia-Pacific Economic Cooperation (APEC) forum, and the East Asia Summit (EAS), among others. The United States should seek to shape the agenda in these organizations together with its allies and partners, and to host more Indo-Pacific summits and other convenings. Too often, however, the United States has failed to participate at appropriate levels, thereby reinforcing the narrative of the United States as adrift. Looking ahead, Washington should ensure that the U.S. president attends all leader-level summits, the secretary of state attends key ministerial-level gatherings, and ambassadors to organizations like ASEAN and APEC are promptly appointed and confirmed.

Join or increase participation in South Asian and Indo-Pacific multilateral organizations where the United States is not sufficiently active

Given the importance of the Indian Ocean region to U.S. strategy, Washington should seek to engage the wide range of multilateral bodies across the Indo-Pacific and South Asia that have historically received inadequate attention from Washington relative to comparable East Asian and Southeast Asian bodies. These include the South Asian Association for Regional Cooperation (SAARC), the Indian Ocean Rim Association (IORA), the Indian Ocean Naval Symposium (IONS), and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), among others. In some cases, the United States is an observer or dialogue partner (as in SAARC or IORA); in other cases, the United States is uninvolved (as in IONS and BIMSTEC). The United States could more consequentially engage these organizations by designating a new or existing ambassador for these institutions or establishing diplomatic missions at those institutions interested in such an effort, as it has done with ASEAN. It could also request status as an observer or dialogue partner for those organizations in which it has no current role. In most cases, it will be critically important for the United States to consult with partners, particularly India, on whether and how to improve ties with these institutions.

Coordinate with allies and partners on regional institutions in which the United States does not participate

China often favors and pursues regional bodies in which the United States is not a member. These include the Shanghai Cooperation Organization (SCO), the Conference on Interaction and Confidence Building Measures in Asia (CICA), the Asian Infrastructure and Investment Bank, the New Development Bank (NDB), the Regional Comprehensive Economic Partnership (RCEP), and others. China has used some of these bodies to create rules or norms that complicate U.S. military exercises, basing, and alliances; to mobilize support for its positions and undermine U.S. stances on key security or economic issues; and to weaken the centrality of institutions in which the United States plays a prominent role. Even though the United States cannot or in some cases has chosen not to join these institutions, it should nevertheless engage with allies and partners that are members to influence the agenda of these bodies. For example, India is a member of the SCO, and several U.S. allies,

including the United Kingdom, France, and Germany, are members of the AIIB. Coordination with these states could help to thwart China's efforts to undermine liberal values or U.S. military alliances within these institutions.

RESTRUCTURE U.S. BUREAUCRACIES TO BETTER COMPETE IN THE INDO-PACIFIC

Increase key U.S. government staffs dedicated to the Indo-Pacific, including at the Treasury and State departments

U.S. departments and agencies have yet to reform their bureaucracies to fully reflect the centrality of the Indo-Pacific or the emerging strategic competition with China. Critical offices remain comparatively understaffed and underresourced, including the Bureau of East Asian and Pacific Affairs at the State Department, embassies and consulates in the region, and the Office of Terrorism and Financial Intelligence at the Treasury Department. To address this continuing shortfall, national security agencies should closely review the relative size, missions, and capabilities of technical and regional offices most urgently needed for competition with China, and resize their teams toward that purpose. Further, just as the war on terror generated temporary hiring authorities to quickly recruit personnel with specialized backgrounds, national security agencies may need to, in the short term, dedicate resources to hire the regional, language, and technical expertise they need to compete more effectively in the Indo-Pacific. Congress can take a primary role in oversight of this issue through congressional hearings and committee reports and through future state foreign operations appropriation bills.

Appoint a deputy assistant to the president for China responsible for coordinating a whole-of-government strategy

The U.S. government is not well configured to deal with the China challenge, leading to gaps and coordination problems on issues that cut across bureaucratic boundaries. To more effectively manage U.S. strategy toward China, the president should create the position of deputy assistant to the president for China with the authority and writ to convene departments and agencies on China-related issues at the deputies level from across the domestic and foreign policy apparatus. The deputy assistant to the president for China should report directly to the national security advisor, the director of the National Economic Council, and the director of the Domestic Policy Council.

Create an independent bipartisan Commission on American Competitiveness

Rising to the China challenge will require a whole-of-society approach that extends beyond the halls of government. Congress should therefore establish an independent, bipartisan Commission on American Competitiveness that is tasked with holding public hearings, meeting privately with senior officials in the executive branch, and issuing an annual report to Congress with recommendations on how key sectors throughout U.S. society—ranging from academia to media to technology companies—can contribute to enhancing America's competitiveness in the world. The existing United States-China Economic and Security Review Commission could serve as a model in terms of structure and activities.