

ASIA PACIFIC SECURITY IN THE TRUMP ERA

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1. **A wide variety of security issues** affect the region that has a diversity of cultural, political, and economic traditions. Geographically problems affect the entire region, that include the stalemate in dialogue between North and South Korea, Indonesia's internal conflict, maritime disputes in the South China Sea and cross straits relations between China and Taiwan. Non-state actors add to the powder keg, such as Muslim insurgencies in Malaysia, the Philippines, Thailand and Indonesia (the world's largest Muslim-majority nation). All this makes the region volatile both in terms of terrorism as well as piracy. Despite the numerous troubles needing to be resolved, the ability to face regional challenges as a cohesive unit will continue to face stiff opposition from within. This is because consensus and the principle of non-interference in the political affairs of others is a cornerstone of interstate relations in this part of the world.

2. The direction of U.S. policy in the Asia-Pacific under President Trump has created considerable uncertainty in the region, including among many of its important allies. In particular, President Trump's call for strategic partners such Japan and South Korea to cover more of the costs of supporting U.S. troops in their countries, bearing the costs of THAAD in South Korea, the decision to withdraw the United States from the 12-nation Trans-Pacific Partnership, and recent statements and actions in response to North Korea's nuclear weapons program, has put geopolitics of the Asia-Pacific in flux. In doing so, U.S.-China trade relations and North Korean nuclearization have become topmost issues. At the same time, the statements and actions have caused countries such as Japan, South Korea and Australia, traditional US allies in the region to look for greater regional stability in the Asia Pacific.

3. Countries from India to Japan and beyond are anxious about the geopolitical situation in the region and are of the unanimous view that China must not be allowed to undermine the so-called 'rules-based order'. And all are deeply concerned about President Trump's erratic pronouncements about the region.

4. The major issues that affect the region are:-

(a) US power dominance in both the Asia Pacific region and the world is likely to continue to be so in the short and medium term. President Trump's statements just before and after taking oath have raised questions about whether the United States will continue to play a pivotal role in the region.

(b) Despite its overwhelming power, the United States' ability to influence issues appears to be diminishing. US willingness to accept the limits of its influence or to assert itself will influence security in the Asia Pacific.

(c) Globalization continues to erode the power of governments as external forces play an increasing role in national decision making. The future success of governments will depend on their ability to take advantage of the opportunities created by globalization rather than be exploited by it. Similarly, governments need to be prepared to accommodate the new political pressures from within (protectionism, anti-immigrant forces, visa restrictions etc) that are created by globalization.

(d) China's emergence as a regional power poses a daunting challenge for the Asia Pacific region. China maintains that the country is often misunderstood and that talking about a Chinese military threat is incorrect because China's focus over the short- and medium-term will continue to be its own development and modernization. However China's rise continues to strain the existing order in the region.

(e) While the chances of military conflict between states are low, conflict within states is rising. The region faces a wide spectrum of threats. There is no alternative to international cooperation and coordination. Many of the new security challenges affect the region in some way or the other and no nation can combat them alone.

(f) While the immediate prospect of an outbreak of hostilities in the region is bleak, there are still grounds for concern over time. Pacific Islands because of the problems of political fragmentation and instability are vulnerable to many challenges ranging from global warming to money laundering. The island countries have very little say in regional affairs.

(g) Another issue of the region is the question of the balance between sovereignty and humanitarian intervention. The individual rights enshrined in the 1948 Universal Declaration of Human Rights clash with the sovereign rights of states mentioned in the United Nations Charter. For ASEAN, this is a dilemma because of the importance attached to the doctrine of non-interference in the affairs of member states which has guided the organization since it was

formed. But the region cannot ignore the global movement away from absolute sovereignty and the principle of complete non-interference.

(h) After the end of the Cold War, there is no denying that U.S. power is preponderant in the world. When we look at security policy issues in the Asia Pacific region, they are centred on U.S. foreign policy. The importance of multi-layered security architecture for the region is all the more relevant due to the failure of regional institutions to meet the emerging security challenges. The bilateral security alliances with the United States is still the basis of regional security, and a continued U.S. presence is generally an essential element of Asia Pacific security and stability. However today there are doubts about the U.S. commitment to the Asia Pacific region and its cutting back on its forward-deployed U.S. military presence.

(i) The North-South dialogue on the Korean peninsula has little prospect of resuming. China-Taiwan (Cross-strait) dialogue is also stalled, and there is little sign of movement. “Red lines” however, are not expected to be violated.

(j) The fourth generation of leadership of the CCP in China is more assertive in contrast to its predecessors.

5. President Donald Trump's statements early in his tenure have created uncertainty among its important allies in the region over the direction of US policy and its role in the Asia-Pacific. In particular, his early calls for strategic partners such as Japan and South Korea to share more of the costs of supporting U.S. troops stationed in their countries, his decision to withdraw the United States from the 12-nation Trans-Pacific Partnership and recent statements in response to North Korea's nuclear weapons program, have churned the geopolitics of the Asia-Pacific. All of this has made countries such as Japan, South Korea and Australia — traditional linchpins of U.S. strategy in the region—to explore new avenues for greater stability.

6. US Vice President Mike Pence's visit to East Asia was aimed at easing anxiety among its allies about the new government's policies in the region. He sought to project the United States as a stable, predictable and reliable ally. He reaffirmed US's commitment to stability in the region and the defence of allies and partners against a range of threats, including North Korea, Chinese maritime expansion and terrorism. The common thread of his four nation tour was the goal of countering China's expanding security footprint in the South and East China Seas and to constrain

the latter's long-term strategy of replacing the United States as the dominant power in Asia Pacific.

7. The above issues are discussed in succeeding paragraphs under nine sections namely India and Asia-Pacific Security, The Evolving America–China Relationship, Militarisation of the South China Sea, Naval Ops in the South China Sea, North Korea as a Source of Regional Instability, Japan's Security Policy, China-Taiwan Relations, Regional Maritime Security Initiatives and Economic-cooperation in the Asia-Pacific.

India and Asia-Pacific Security

8. India's approach to Asia-Pacific security has evolved and developed over time. The period 1990–91 was when the Cold War's end made non-alignment obsolete and eliminated a major source of strategic support, the Soviet Union. At the same time a financial crisis compelled India to open up its economy. After these two tumultuous events foreign policy saw unprecedented warming in India–United States relations and a surge in India's growth with its integration with the global economy. An important milestone was the testing of nuclear weapons in 1998, which – together with the economic growth – brought a widespread perception of India as an 'emerging power'. India is still way behind the US and China in terms of the size of its economy and its military power India's 'Look East' and 'Act East' Policies are often seen as being motivated by economic and political considerations and recently by strategic imperatives in South East Asia. The objective of the look east policy is to forge social, economic and cultural relations with the countries of East Asia. It envisages a three pronged approach towards relations with the countries of South-East Asia. Firstly, to renew political contacts and understanding with ASEAN member states. Secondly, to achieve enhanced economic interactions including investment and trade, science and technology, tourism, etc. and thirdly to strengthen defence and strategic links with these countries to achieve better understanding. While the 'Look East Policy' covers all countries of Asia-Pacific region, but in reality, it is focused at South-East Asia. India's interests in the region as understood through its 'Act East' Policy would suggest that it desires to emerge as a net security provider in this vital region. PM Modi's election in May 2014 has created expectations of a more vigorous Indian foreign policy after several years of drift under the UPA government which had been unable to sustain the momentum in relations with the US. India during this period also seemed unclear on how to deal with an increasingly assertive China and also not being proactive in dealing with troubles in the neighbourhood.

9. India has established a Special Strategic Partnership with Japan and strategic partnerships with South Korea and the Philippines. India also has a strong and traditional Strategic Partnership with Vietnam where defence and security relationships are being substantially reinforced. The Indo Pacific region constitutes the Outer Perimeter of United States security periphery. India is strengthening its defence and security relationships with these countries that have similar strategic concerns on China's not so peaceful rise and its endangering of regional security.

10. China does not view India's 'Act East' Policy favourably while it goes about creating a China-centric order in the Indo Pacific. It sees South East Asia and the Western Pacific littoral as its strategic backyard with no space for India in the region. China will limit India's growing influence by bearing upon countries like Indonesia, Laos and Cambodia and possibly Malaysia and Thailand too.

11. The future stability and security of Indo Pacific region could be enhanced by strategic solidarity between India and United States, Japan, Vietnam and Australia. This may not for the present turn into a military alliance but could rather be a loose military cooperative framework (on the lines of LEMOA) which would create a strategic counterweight to balance China.

The America–China Relationship

12. Every US government since Richard Nixon's has welcomed "the rise of a China that is peaceful, stable, prosperous, and a responsible player in global affairs." The US had considered that over time, as China's economy grew, its values and policies would align with or be close to other prosperous democracies. The US could then be able to manage China's political, economic and military rise within the existing international systems that held up during the cold war. US policy was thus a combination of engaging with China to encourage its transformation into a 'responsible stakeholder' whilst hedging against the security risks inherent in China's rise.

13. However, since the past two years or so, US policy towards China has taken on a less accommodative and more competitive edge. China's actions quelled all doubts about its liberal values and its opinion of the existing world order. There was a shift away from the belief that economic interdependence and a rising Chinese middle class would lead to a convergence of values or interests. China in 2015 cracked down on civil society and issued a set of sweeping national-security laws that threatened cooperation between US and Chinese NGOs, educational and strategic communities and to limit opportunities for multinational companies. On the foreign-policy front, China intensified its activities in the South China Sea, with an aggressive pace of

reef reclamation and the construction of artificial islands; and in both the East and South China seas, China challenged US air and maritime reconnaissance missions within its exclusive economic zones. Chinese cyber espionage (the hacking of more than 21 million personnel files in the US government's Office of Personnel Management (OPM)) threatened to derail the September summit in Washington DC between Chinese President Xi Jinping and US President Barack Obama.

14. President Trump's call with Taiwan's President Tsai before his inauguration and his statement that the One China policy, which the United States has held for almost 40 years, might be reconsidered created immense turmoil in bilateral relations. He has articulated few consistent views on the U.S.-China relationship. He has however made clear a transactional approach in international relations such as when he said he would condition U.S. relations with Taiwan on whether "we make a deal with China having to do with other things, including trade." Similarly Secretary of State Tillerson's suggestion during his confirmation hearings that the US might seek to deny China's access to some of its islands in the South China Sea also soured the relations. The summit in early April 2017 at Florida between Presidents Trump and Xi Jinping has cooled matters for the time being. Subsequently, a sort of détente seems to have developed, with the US backtracking on threats to disregard the One China Policy and to not hold China as a currency manipulator. (A Chinese court also awarded Trump a 10-year trademark for his company's construction services.)

Militarisation of the South China Sea

15. Since taking power, the Chinese President Xi Jinping has talked of 'striving for achievements,' a new theme in Chinese diplomacy. But since 2012, Xi's foreign policy has undone years of its careful efforts to tell its Asian neighbours of the 'win-win' benefits of China's peaceful rise. China during Xi's tenure has suffered a series of diplomatic setbacks. In the Senkakus, China attempted to use the issue to drive a wedge into the U.S.-Japan alliance by raising the ante with Japan. A question arose whether the United States would support Japan in a conflict with China. In April 2014 President Obama made clear that Article V of the alliance extended to the Senkakus. Unwittingly China's air and naval incursions into the Senkakus and East China Sea have had a major impact on Japan's security policy, leading to the decision in 2014 to reinterpret the constitution to allow for the exercise of collective self-defense and the 2015 U.S.-Japan defense guidelines, which recognize a wider Japanese regional security role. Then Japan Maritime Self-Defense Force ships made port calls in Subic Bay in the Philippines, Cam Ranh Bay in Vietnam, and Sydney Harbor in Australia much to China's displeasure. Then

South Korea decided to deploy the U.S. missile defence system THAAD despite China's strong objections and heavy-handed threats. China's overbearing posture, and call for South Korea to prioritize its security concerns over South Korea's, was aimed at driving a wedge into the U.S.-South Korea alliance, but it did just the opposite. The THAAD decision moved South Korea closer to the United States and opened the possibility of a trilateral U.S.-South Korea-Japan strategic cooperation, something totally anathema to China. Lastly the Permanent Court of Arbitration in The Hague on 12 July 2016 nullified China's "Nine-Dash Line," which is the basis for its claim to disputed islets and reefs, and 85 percent of the South China Sea, as sovereign Chinese territory. This was a big blow, undoing a major pillar of its foreign policy toward the rest of Asia. China's assertive behaviour in the South China Sea has led to a coming-together and unprecedented security cooperation between Australia, Japan, the United States, and the maritime states of the region.

16. China's efforts at extending its influence through economic interaction and at the same time using its economic heft to punish hostile countries is making countries fear China. China's present focus is to influence change using the multilateral frameworks of the international system, changing global rules to China's benefit.

17. In 2014 China began to implement a master plan to expand and consolidate its presence in the South China Sea, transforming seven rocks and low-tide elevations into artificial islands. In 18 months, Chinese vessels dredged and pumped sand into an area of 3,000 acres (12 square kilometres). In comparison, other claimants in the South China Sea – Malaysia, the Philippines, Taiwan and Vietnam – expanded the land area of the features they occupied by only 100 acres (0.4 sq km) over 45 years.

18. In 2015, the pace and scope of China's reclamation activities accelerated sharply and it began to construct infrastructure, including airstrips and multi-level buildings. In April 2015, self-propelled artillery on Fiery Cross Reef was sighted by satellite imagery, though this was later removed by China. US Secretary of Defense Ashton Carter said that unilateral 'land reclamation' and militarisation was a new development and that the US would oppose 'any further militarization' of disputed islands. On 30 May 15, US Secretary of Defense Carter addressed the IISS Shangri-La Dialogue in Singapore and said, "The United States is deeply concerned about the pace and scope of land reclamation in the South China Sea, the prospect of further militarization, as well as the potential for these activities to increase the risk of miscalculation or conflict among claimant states. As a Pacific nation, a trading nation and a member of the international community, the United States has every right to be involved and concerned".

19. It was reported that China has “largely completed major construction of military infrastructure on artificial islands it has built in the South China Sea and can now deploy combat planes and other military hardware there at any time.” It was further stated that “work on Fiery Cross, Subi and Mischief Reefs in the Spratly Islands included naval, air, radar and defensive facilities.” China has repudiated it by saying it is erecting defensive infrastructure within its own borders, as would any nation.

Naval Ops in the South China Sea

20. On 27 October 2015, the United States Navy ship USS Lassen transited within 12 nautical miles of Subi Reef in the South China Sea, which China has claimed and occupied. The US described it as a routine ‘freedom of navigation’ operation (FONOP) in ‘accordance with international law’. It provoked an angry response from China, which saw the event as threatening ‘China’s sovereignty and security’.

21. The FONOP was a long-anticipated manoeuvre. The most recent such operation had been in 2012. It signalled the potential for a change in the terms of naval engagement in the South China Sea and the Asia-Pacific more widely. This came after coercion and unilateral actions by China that included land reclamation on seven contested reefs in the South China Sea, which has changed the maritime status quo of the region.

22. The USS Lassen FONOP was followed by USS Curtis Wilbur off Triton Island in the Paracel Islands in end January 2016. Earlier the commander of the US Pacific Command, Admiral Harry Harris stated that such operations would continue, and would increase in complexity and scope. In March, the USS John C. Stennis carrier strike group was deployed in the South China Sea. In response, China placed surface-to-air and anti-ship missile batteries on Woody Island in the Paracels. Both China and the US accused each other of ‘militarisation’ of these waters.

23. The effects of all this are significant because the US and other regional players are approaching a stage of either acquiescing to China’s bid for dominance in the South China Sea or standing up against Chinese aggression.

Japan’s Security Policy

24. Japan under Prime Minister Shinzo Abe has embarked on an ambitious agenda to reform its security and defence posture. In February 2013, Abe declared that ‘Japan is back’. He

emphasised that Japan must continue to be a guardian of the global and maritime commons and a 'leading promoter of rules' in areas such as trade, investment and the environment, and would work together with other like-minded democracies throughout the Asia-Pacific region. Speaking in Singapore in 2013, PM Abe repeated that Japan would offer the 'utmost support' to the Association of Southeast Asian Nations (ASEAN) as it sought to ensure the security of regional seas and skies, as well as to maintain freedom of navigation and over-flight. Japan is not a member of ASEAN.

25. These declarations were followed with changes in policy. In September 2015, after intense debate about the reinterpretation of Article IX of the Constitution and in the face of public protests, Japan's Diet passed two security-related bills: the Development of Legislation for Peace and Security, which partially lifted Japan's long-standing ban on collective self-defence, and the International Peace Support Bill, which created legislation enabling Tokyo to deploy the Japan Self-Defense Forces (JSDF) overseas to provide logistics support for United Nations-authorized military operations. In April 2015, PM Abe referred to the long-standing 'Alliance of Hope' between the US and Japan, saying that both countries had finalised an update to defence-cooperation guidelines that intensified bilateral military cooperation for the advancement of regional and global security.

26. Japan's expanding diplomatic and security roles in Southeast Asia and the South China Sea will be an important factor in the security of the region. Japan possesses the economic, diplomatic and military heft to follow a strategic course at odds with Chinese interests unlike other nations in the region. This may encourage the US to rely increasingly on Japan's influence among countries in the region to further its interests. In May 2017, Japan will sail its most powerful warship through the South China Sea on a three-month tour, much to China's concern.

27. The new US President affected US-Japan relations in the start of 2017. During the campaign Donald Trump had repeatedly criticized Japan for unfair trade practices and free riding in the alliance. The outcome of the election left many Japanese worried about the future of the alliance. Prime Minister Abe quickly reached out to President-elect Trump, and met with him in New York on 18 Nov to "build trust" and seek clarification on the future of the U.S.-Japan alliance. After the meeting, Abe told the awaiting press that he was confident he could "build a relationship of trust" with the president. Prime Minister Abe again met with President Trump in Washington on 11 Feb 2017. The two leaders then issued a joint statement to reaffirm their "unshakeable alliance." Uncertainty however abounds on the economic and strategic fronts in the near term till President Trump's approach to Asia Pacific is clear.

North Korea As A Source Of Regional Instability

28. Kim Jong-un came to power after the sudden death of his father in December 2011. His actions have been erratic, irrational and extreme and hold little hope that North Korea might be about to change its policies. Rather, its stance has hardened. In 2012, its nuclear-weapon status was written into its constitution. Subsequent nuclear tests in 2013 and 2016, following those conducted under Kim Jong-il in 2006 and 2009 show Kim Jong-un stands for continuity rather than change. No other state has tested nuclear weapons during the twenty-first century and North Korea shows no sign of stopping.

29. In 2016 North Korea proudly reported the test of a hydrogen bomb which was condemned by the United Nations Security Council (UNSC). Before the UNSC had even agreed on a resolution and sanctions, North Korea showed its indifference to the UN by launching a satellite. This launch was viewed by security experts as a cover for partially testing an intercontinental ballistic missile (ICBM) and is incidentally also banned under previous UNSC resolutions.

30. These two tests in early 2016 showed that the Kim regime has not changed. They also clearly signalled that the North Korea has no intention of following the path taken by Iran and Myanmar in entering mainstream geopolitics. Kim Jong-un, like his father Kim Jong-il and grandfather Kim Il-sung, appears determined that North Korea will continue on its present course, regardless of consequences.

31. The mounting tensions on the Korean Peninsula have prompted the US to send the USS Carl Vinson carrier strike group to the Northeast Asian waters. Equally significantly, North Korea's ballistic missile test on 15 April, (the 105th anniversary of the birth of North Korean founder Kim Il Sung) has made it necessary for US to reaffirm defence support for South Korea and signal US's willingness to take military action against the North if diplomacy fails. Such moves will also compel China to step up its own efforts to coerce North Korea from conducting further nuclear or missile tests. It may be coincidental that the Chinese news paper Global Times reported that China would cut off oil supplies to the North (one of China's most effective leverage over North Korea) if it conducted additional nuclear tests.

32. Fundamentally, North Korea's actions are related to a policy shift since 2002. It has steadily moved away from trying to secure a strategic relationship with the US as a hedge against pressure from its big power neighbours China and Russia. It now seeks to guarantee its security through building nuclear capability. It believes that this strategy is best suited to accomplish its objective

of becoming a “strong and prosperous nation”. To achieve that goal, it used dialogue tactically to control the international pressures and consolidate security gains. Its current focus on national nuclear capability however does not auger well for efforts at denuclearization.

33. Suggestions by the international community for new sanctions, diplomatic negotiations, or raising awareness of human rights abuses that would change North Korean behaviour are being raised. However, such actions in the past have not achieved desired outcomes.

34. Steps taken in the past by the international community include sanctions against North Korea, engaging in diplomatic negotiations and encouraging economic engagement. However progress through diplomatic means usually requires converging values and interests between the parties. But if North Korea’s main objective is to acquire nuclear weapons, and (/while) the world’s goal is denuclearization and prevention of nuclear weapons proliferation, then there is no convergence of values and interests towards regional security. There is growing urgency in addressing the most urgent geopolitical concern: North Korea’s WMD program.

35. United States has said that its strike force is headed off the Korean coast. Pressure needs to be built up before North Korea is able to attach a nuclear warhead to an accurate long range missile. A negotiated settlement facilitated by China is feasible and would be better than a military conflict. North Korea has been thinking about military conflict for decades. It will have military plans and they could pose a major threat to the region. This is why China and South Korea – and other regional actors – would prefer the diplomatic solution. Therefore an effective strategy short of war would most probably be a combination of both engagement and isolation. Containment of North Korea and pushing China toward cooperation in this direction are the core of its strategy.

China-Taiwan Relations : A Major Security Problem

36. Relations between China and Taiwan are one of the longest-running unsolved international security issues inherited. After the United States–China normalisation of 1979 and under the impact of China’s economic reforms, as well as Taiwan’s democratisation and globalisation, China and Taiwan have established multiple channels of communication, increased economic interdependence and people-to-people contacts, and thus improved relations. Moreover, since 2008 a sort of a political rapprochement has taken place across the Taiwan Strait, illustrated by Ma’s meeting in Singapore with Chinese President Xi Jinping in November 2015.

37. However, China and Taiwan have not been able to address their political differences. Although since 2007 it has prioritised the ‘peaceful development of cross-Strait relations’, China does not recognise the statehood of the Republic of China (Taiwan), and continues to threaten Taiwan militarily and asks it to reunify on China’s terms of ‘one country, two systems’ like Hong Kong and Macao. China also considers the United States’ security guarantees to Taiwan under the 1979 Taiwan Relations Act (TRA), as a major obstacle to its objective of reunification. Meanwhile, Taiwan’s democratisation since the late 1980s has consolidated the island’s separate identity, giving birth to pro-independence forces and strengthening its will to preserve the status quo, while normalising relations with Beijing and improving its international status.

38. Since the mid-1990s, China’s rapid economic growth and military modernisation have dramatically changed the strategic equation across the Taiwan Strait. The trade and economic relations across the Strait have over time created an increasingly asymmetric relationship between China and Taiwan, with Taiwan becoming more and more dependent in economic terms on China. Due to China’s sharp growth in defence expenditure and rapid military modernisation since 2005, the bilateral military balance has tilted increasingly in favour of the People’s Liberation Army, forcing the US to reassess its role in securing Taiwan. In 2005, China adopted an ‘anti-secession law’ that legalised the use of ‘non-peaceful’ means to reunify with Taiwan. Since Xi came to power in 2012, China’s more assertive foreign policy and ambitious security objectives, particularly in the maritime domain, have intensified the pressure on both Taiwan and the US.

Regional Maritime Security Initiatives

39. Maritime security in the Indo-Pacific region is complex, with a range of challenges from the tensions in the South China Sea, territorial disputes and relatively low-intensity problems such as piracy and people-trafficking. The need for greater cooperation by regional states in the face of these challenges is apparent in view of the region’s economic dependence on the safe and timely movement of shipping; its reliance on the sea for protein from steadily depleting fisheries; and recognition that offshore oil and gas fields can only be developed and exploited when there is sufficient agreement on maritime boundaries.

40. Clearly international cooperation can bring benefits to all nations in the region and such cooperation can occur even when there are many other problems (and rivalries). As an example, the International Baltic Sea Fisheries Commission was founded in 1974, in the middle of the Cold War, and operated until 2007 despite troubles and rivalries. Due to inter-state rivalries in the

Indo-Pacific and a large number of maritime territory and boundaries disputes, there is all the more reason for international cooperation. The region's multiple networks of arrangements, agreements, single-issue partnerships and understandings often lack coherence, though substantial progress has been made on individual problems in some areas.

41. This is due to a combination of rivalries between major powers and sub-regional competition, as well as the sensitivity of many states in the region to any perceived erosion of their sovereignty. Such concerns have caused a number of proposals, including the 2004 Regional Maritime Security Initiative (RMSI), to fail. The RMSI which was concerned with countering piracy and potential maritime terrorism in the Malacca Strait, proposed multinational patrols in the territorial waters of littoral states such as Indonesia and Malaysia, which was unacceptable to these countries' nationalist sensibilities. Some countries' lack of capacity to engage in maritime security cooperation is probably because of an inadequately coordinated inter-agency approach.

42. Perhaps the greatest single obstacle to cooperative security development is the South China Sea entanglement. The complex nature of the conflicting claims among so many littoral states, coupled with resurgence in China's assertiveness as seen in its construction of military facilities on features it occupies, and preventing even the most basic agreements over boundaries and resources. All of this has impeded agreements for maritime security cooperation in the region.

Economic-cooperation in the Asia-Pacific

43. Globalization has been a major driving force in international economic relations. Open markets and lesser restrictions on capital flows have made for a huge increase in global trade and capital flows, especially FDI. Globalization has enabled export-driven nations to use the opportunities thrown up by freer trade to gain new markets and to benefit from economies of scale (especially China). East and South-East Asia have been major beneficiaries of globalization; South Asia much less so.

44. The World Trade Organization records show 413 existing regional trade agreements that are in force as on end late 2015. With a few exceptions, many of the FTAs and bilateral investment treaties had limited economic impact. However the latest economic agreements, especially those being negotiated since 2010, have a greater economic sense. Free trade agreements are often criticised because they impose restrictions on national and local laws, which regulate and ensure labour rights, and environmental protection. But they also facilitate economic growth,

cooperation, trade and investment and create prosperity for the region and so strengthen the group of nations of the FTA.

45. Asia-Pacific Economic Cooperation (APEC), a forum for 21 Pacific Rim members, promotes free trade throughout the Asia-Pacific region. It was established in 1989 for advancing interdependence of Asia-Pacific economies in response to regional trade blocs in other parts of the world and to establish new markets for agricultural products and raw materials beyond Europe. A number of other bilateral investment treaties, cooperation programmes and free-trade agreements have been signed by major players in the Asia-Pacific and negotiations, for implementing important regional trade and economic-cooperation schemes are in progress. These include the ASEAN Economic Community (AEC), the Trans-Pacific Partnership (TPP), the Regional Comprehensive Economic Partnership (RCEP) negotiations, the Asian Infrastructure Investment Bank (AIIB), the One Belt, One Road (OBOR) initiative and preliminary plans to create a Free Trade Area of the Asia-Pacific (FTAAP).

46. Many of these initiatives may be considered competitive and some may be seen as complementary. Nations involved in some of these initiatives participate together in multiple forums, leading to increasing cooperation in the region rather than new conflicts. Economic agreements should therefore also be viewed with their potential security or political implications.

Australia

47. An Australian conference on the theme, 'India, Japan, Australia: Partners in Asia' in 1967 brought out a few interesting insights of how the three countries saw the international situation. India differed in its worldview from the Australians and Japanese, which shaped its perceptions of how to tackle the challenges that the country faced. India was nonaligned, suspicious of the West and sympathetic to the socialist bloc. But the three unanimously felt that 'the future would be determined by how China behaved, and how others behaved towards China'. They saw a likely 'sense of common danger' emanating from China. India in fact viewed China as a 'sinister force bent on humiliating India'. There was also concern about US actions in the region.

48. Since then the world order has changed dramatically with the end of the cold war and the emergence of China as a challenger to the existing balance of power. Indifference that has long characterized relations between India and Australia is giving way to an increasing convergence of views. Today the idea of enhanced cooperation between Australia, India (and Japan) is driven once more by the challenges posed by China. This meeting of minds set the stage for the

Quadrilateral Security Dialogue in 2007–08, which was strongly condemned by China. In June 2015 foreign affairs and security officials from the three countries held a trilateral meeting in New Delhi. The agenda for that meeting was maritime security, specifically freedom of navigation in the Indian Ocean and South China Sea, China's island building activities, and the possibility of joint exercises. The next meeting was held in February 2016 in Tokyo. In 2017, it's Australia's turn to set the agenda and host the trilateral. Despite the times, this represents a significant opportunity. Key interests of Australia, India and Japan have converged. All three nations are concerned with three inter-linked challenges: managing China's assertiveness across the region, dealing with the consequences of Donald Trump's election and deepening regional economic integration. All have signed up—formally at least—to the idea that Beijing mustn't be allowed to undermine the so-called “rules-based order”. And all are deeply concerned about Trump's erratic pronouncements about the region.

Conclusion

49. Deterioration of the military situation on the Korean peninsula is a matter of concern. Build-up of tensions in the peninsula could lead to instability in the whole of North Asia. North Korea's launch of missiles on the eve of Xi's visit to the US for a high profile summit with President Trump as well as on the eve of the equally high profile OBOR summit raise doubts whether China possesses sufficient leverage to compel the North to change its behaviour. Addressing concerns about North Korea's nuclear weapons program is an important area of focus for insuring stability in the Asia-Pacific region.

50. The ripples in the waters of US - China relations over Taiwan seem to be calming down after Presidents Xi and Trump's telephone call and the Florida summit that followed. This is important and to be welcomed because Taiwan continues to be a flash point in the Asia Pacific region. The significance of Taiwan in the hearts and minds of the Chinese cannot be overstated and Chinese media often warn that there would be no toleration for Taiwanese independence.

51. The growing fear among smaller nations in the region of China's assertive behaviour and the significance of India, Japan and Australia as emerging players in regional security affairs is of increasing relevance. China's relations with the United States are at the heart of the region's security. Important issues that have emerged with the rapid economic rise of China and have a direct bearing upon Asia-Pacific security concerns include the coming to power of an aggressive President (Xi Jinping), rise of Chinese nationalism, and China's revanchist approach to territories in the South China Sea.

52. For the present, China's desire to displace US dominance in the Asian Pacific region and to itself play a leading regional role would be the leading cause of instability in the region.