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Strategic Opportunities and Risks in the East Asia and Pacific Region

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Chairwoman Kim, Ranking Member Bera, and distinguished members of the committee, thank you for inviting me to testify today about opportunities and risks in the East Asia and Pacific region.

Despite changes in rhetoric, recent US strategy in Asia has been surprisingly consistent across administrations from both parties. In short, the United States has made substantial progress with those countries that feel most concerned about Chinese behavior—Australia, India, Japan, the Philippines, and South Korea. But the United States has struggled elsewhere, particularly with countries in Southeast Asia, which have been disappointed by uneven US engagement and uninspiring economic agendas.

These structural constraints are likely to continue in the second Trump administration, but policymakers can learn from America’s recent successes and failures. Below I review five of the Biden administration’s main initiatives in Asia, identify five opportunities that the Trump administration has to build on these efforts, and outline five risks that endanger US strategy.

Evaluating Recent US Strategy in Asia

Over the last eight years, US strategy in Asia has been remarkably consistent. Each of the past two administrations committed to prioritize the Indo-Pacific region but struggled to do so in practice. Each used similar language to explain the need for a new approach on China but had difficulty articulating a clear objective of their China strategy. Each made progress with those allies and partners most alarmed by China’s behavior but experienced setbacks with countries that felt less threatened by Beijing. It is said that “foolish consistency is the hobgoblin of little minds,” but foolish consistency has also been the hobgoblin of US policy in Asia.

To understand how the United States can make lasting progress in the region, it is necessary to first review some of the major announcements that the Biden administration made on Asia policy, and assess how they look in hindsight.

- 1) *Accelerating Cooperation with the Quad*: In 2021, President Joe Biden built on President Donald Trump’s revival of the Quad by hosting the first in-person summit of the Quad leaders from Australia, India, Japan, and the United States. The Quad went on to announce a range of initiatives addressing global health, infrastructure, maritime security, technology, and supply chains. This multilateral grouping has emerged as the most significant and lasting regional change of the last decade, helping to balance China’s power and influence.

Secretary of State Marco Rubio's meeting with the Quad foreign ministers on his first full day in office suggests that it will continue to play a key role in President Trump's second term.

- 2) *Initiating the AUKUS Security Partnership:* In 2021, leaders from Australia, the United Kingdom, and the United States announced the AUKUS security partnership. This trilateral security and technology partnership is a major step forward in defense cooperation with two of America's closest allies. The United States cannot meet the China challenge alone, so AUKUS was designed to bring together the defense industries of key US allies. But AUKUS has also faced challenges—particularly surrounding its ability to quickly deliver results. Although the agreement has persisted across changes of government in all three countries, there are vocal critics who question whether the arrangement is moving fast enough to justify its significant costs. The Trump administration will have to work with London and Canberra to manage these challenges and keep AUKUS on track despite mounting complications.
- 3) *Establishing the Indo-Pacific Economic Framework:* In 2022, the United States and 13 partners launched the Indo-Pacific Economic Framework (IPEF). Although many in Asia had hoped that Washington would reenter negotiations on the Trans-Pacific Partnership, the Biden administration instead proposed a new economic initiative, without market access provisions. Pillars on supply chains, environmental issues, and fairness led by the Commerce Department made progress, but the pillar on trade organized by the US Trade Representative stalled. Most countries in the region saw the resulting IPEF deal as disappointing, with the United States effectively asking other countries to sign on to new standards without offering additional access to the US market. Few expect that IPEF will survive long into the Trump administration.
- 4) *Deepening the Alliance with the Philippines:* In 2022, Bongbong Marcos won the presidency in the Philippines, and the United States moved quickly to deepen cooperation with its long-standing ally. This culminated in the announcement of four new access locations for US forces in the Philippines and a major new development effort around the Luzon Economic Corridor. These are mutually reinforcing initiatives designed to build and sustain political support for the US presence despite past problems surrounding the basing of American troops in the Philippines. But questions remain about the viability of the increased US presence in the Philippines, given domestic political struggles in Manila and questions about the sustainability of US support for the development of the Luzon Corridor under the Trump administration.

- 5) *Advancing US-Japan-South Korea Ties*: In 2023, the Biden administration took the opportunity to deepen cooperation with Japan and South Korea while favorable leaders were in place in both capitals. South Korean President Yoon Suk-yeol was courageous in accepting domestic political risks to make progress alongside Japanese Prime Minister Kishida Fumio. This culminated in a historic trilateral summit at Camp David. Unfortunately, however, Yoon's decision to declare martial law late last year unraveled much of this progress. South Korea's next president could have a more critical view of the value of continued trilateral cooperation, forcing the United States to rethink its efforts to tie Seoul and Tokyo together. Trilateral cooperation among all three countries is very much in the US interest, but windows to pursue this cooperation seldom stay open for long.

What lessons should policymakers draw from this assessment? First, the Biden team made real progress with Australia, India, Japan, the Philippines, and South Korea, on which the Trump administration should build. Second, policymakers in Washington need to rethink their approach to much of the rest of the region, especially Southeast Asia, where US efforts have largely fallen flat while China has made inroads. Third, the Trump administration is likely to face new challenges related to the Korean Peninsula, cross-Strait issues, and trade, all of which will require careful handling to advance US interests while keeping allies and partners aligned.

Five Big Ideas for the Trump Administration

What are some big ideas that the Trump administration might pursue in Asia? Here are five possibilities that could advance US interests while also adhering to President Trump's desire for other countries to step up and alleviate some of the burden on the United States:

- 1) *Allied Defense Arsenal*: President Trump wants US allies and partners to step up and do more for their own defense. What better way to do so than by announcing a major new defense industry initiative with allies taking the lead on military codevelopment and coproduction? The United States used to be the arsenal of democracy, but America cannot offset China's scale and advancing technology on its own. Today, US allies and partners are desperately needed on everything from shipbuilding to missile production. The Trump administration should announce an allied defense arsenal program alongside a handful of key allies and partners, potentially including Asian players such as Australia, India, Japan, and South Korea, as well as trans-Atlantic allies like Canada, France, Germany, Italy, Poland, and the United Kingdom. By

“supersizing” AUKUS Pillar 2, the Trump administration could use the arsenal initiative to broaden the allied innovation base and cut through red tape on arms export rules. Those interested in government efficiency might find this a productive area in which to focus. Initial areas of emphasis should include uncrewed air and naval systems as well as stockpiles of precision munitions.

- 2) *Allied Energy Initiative*: The Trump administration aims to boost US energy production and exports, and a number of US allies in Asia are simultaneously desperate for more reliable sources of oil and natural gas. The Biden administration considered supporting increased liquified natural gas exports to Japan and several other Asian countries, but ultimately decided against it. The Trump team should take up this idea and run with it. Indeed, President Trump has already indicated some interest in bilateral energy deals with regional countries. By supplying Japan, South Korea, India, Taiwan, and others with reliable sources of energy, the United States can help them protect against supply disruptions. At the same time, these energy purchasing arrangements could help to balance trade and offset the cost of US military support. Asking allies to contribute in this way is mutually beneficial and could help all those involved establish more reliable energy sources and markets creating both economic and security benefits.
- 3) *Taiwan Contact Group*: After Russia’s invasion of Ukraine, the United States and its allies and partners established the Ukraine Defense Contact Group to assist Ukraine. But in a Taiwan scenario, it would not be possible to supply substantial quantities of arms after a conflict breaks out. Instead, the United States should establish a Taiwan Contact Group with key allies and partners today, to deter and defend against the eruption of conflict. The objective would be to provide Taiwan with the capabilities needed to bolster its military defenses and societal resilience in advance of a conflict. In combination with the arsenal program outlined above, this effort could help Taiwan to quickly field systems necessary for its defense. Countries need not break their “one China policies” to participate—those uncomfortable sending weaponry could help Taiwan with disaster relief preparations, stockpiling of food and energy, or other resilience-enhancing measures.
- 4) *Philippine Trade Deal*: The Trump administration is unlikely to embrace IPEF (indeed, many in Asia remain skeptical of its value). But that does not mean that the United States should be entirely absent from regional trade arrangements. After all, there is a real risk that China will join the Comprehensive and Progress Agreement for Trans-Pacific Partnership,

undermining US economic leverage in the region. The Trump administration is not returning to large multilateral trade agreements, but it should still pursue bilateral trade deals with strategic players. The Philippines might be the best choice for an initial deal. With the Trump administration withdrawing support for many foreign aid programs, the recently announced Luzon Economic Corridor could be at risk. This in turn could prevent the United States from working with the Philippines to develop options for additional presence at several nearby facilities. US policymakers may not be enamored of trade deals at the moment, but a trade agreement with the Philippines could overcome these hurdles by bolstering both American security and prosperity.

- 5) *Big Bet on Indonesia*: In his first term, President Trump made a smart strategic decision to deepen ties with India, which has helped to reshape geopolitical dynamics across the Indo-Pacific. In his second term, he should make another big bet, this time on Indonesia. President Trump and Indian Prime Minister Modi quickly built a strong personal rapport, and the same could be true with Indonesian President Prabowo Subianto. US relations with the Association of Southeast Asian Nations (ASEAN) may be stuck in neutral the next few years, so deepening ties with Prabowo could act as a counterweight against decreased US regional engagement (while also serving as a check on Chinese regional influence). Prabowo wants to build a good relationship with the United States, so this is a unique opportunity to deepen ties with a country that will be increasingly important in the years ahead. Initiatives of value to both countries could include critical minerals cooperation, technology initiatives, and defense sales.

Five Risks for the Trump Administration

Although the Trump administration has some opportunities in Asia, it will also have to learn lessons from recent US missteps in the region. Five risks appear the most serious:

- 1) *Ceding China a Sphere of Influence*: In President Trump's first term, his administration fundamentally reset the American strategic discussion on China. Today, General Secretary Xi Jinping finds himself confronted by a range of serious challenges, most notably a slowing economy. This gives the United States and its allies and partners real leverage. But to use it, they will need to remain strategically synchronized. Any perception that the United States is unwilling to continue underwriting regional security and prosperity could encourage China to actively pursue a sphere of influence in Asia. In that case,

a lack of allied coordination or confidence could delink American strategy on China from that of its friends, allowing Beijing to pick off individual countries rather than a united front. To avoid these risks, Washington will need to coordinate carefully with its allies and partners while finding ways to stay engaged on the region's priorities, most notably trade and development.

- 2) *Decoupling of US-Taiwan Policy*: In recent months, President Trump has been quite critical of Taiwan on everything from defense spending to semiconductor manufacturing. It is natural for the United States to call on partners who are facing existential threats to bear more of the burden for their own defense. But Taiwan cannot do so alone, and threats to withdraw support for Taiwan could further undermine its public's confidence in the United States and open the door for China (Taiwan's population is watching events in Ukraine closely). Taipei should demonstrate a greater commitment to investing in its own defense and resilience while also encouraging Taiwan's leading technology companies—most notably Taiwan Semiconductor Manufacturing Company—to continue their investments in the United States. Meanwhile, the United States and Taiwan should continue to quickly but quietly advance their defense cooperation. A conflict in the Taiwan Strait would be devastating for Taiwan, China, the United States, and the entire globe. The best way to decrease the risk of conflict is to bolster Taiwan's defense and America's preparations by reinforcing deterrence without triggering a Chinese overreaction.
- 3) *South Korean Nuclear Proliferation*: The political upheaval in Seoul has unsettled not only South Korean domestic politics but also the US-South Korea alliance. Relations between the two countries were tense between Presidents Trump and Moon Jae-in eight years ago and could get worse if the next South Korean leader leans back toward engagement with Beijing and Pyongyang. This could encourage President Trump to accelerate his efforts to withdraw some American military forces from South Korea, or once again bypass Seoul and deal directly with North Korean Supreme Leader Kim Jong Un. This in turn could reinforce Seoul's interest in an independent nuclear deterrent. The danger of regional proliferation is real, and accelerated by concerns about the risk of US-South Korea alliance decoupling. Importantly, proliferation in South Korea could also accelerate similar debates elsewhere in the region and across the globe. The Trump administration has placed a number of leading experts on Korea in key national security positions—their expertise will be needed in the next few years to guard against a weakening of the alliance and the dangerous nuclear proliferation that could result.

- 4) *Defense Industry Disruptions*: The AUKUS arrangement between Australia, the United Kingdom, and the United States was a bold idea, but one that may require re-optimization. AUKUS Pillar 2 focuses on defense industry and innovation—as suggested above, the Trump administration should put it on steroids to deliver broader effects on faster timelines. Meanwhile, parts of AUKUS Pillar 1 are moving forward expeditiously, such as US nuclear-powered submarine deployments to Perth in Western Australia. But the US submarine industrial base is still struggling to meet current demands, which some Trump administration officials have suggested should trigger a reassessment of elements of the AUKUS deal. To manage these risks together, Australia, the United Kingdom, and the United States should jointly assess the role that large unmanned undersea vehicles could play in bridging the capability gaps they face. Ideally, these systems would augment rather than supplant the current approach, but they could also serve as a Plan B option if the allied nuclear-powered submarine industrial base cannot support accelerated construction on satisfactory timelines at acceptable cost.

- 5) *Overlooking Southeast Asia and the Pacific*: Southeast Asia lies at the center of the Indo-Pacific region, but in recent years, the United States has struggled to engage effectively with the Association of Southeast Asian Nations. This could be the case once again, particularly given that Malaysia chairs ASEAN this year—Malaysian Prime Minister Anwar Ibrahim has openly supported Hamas, which is likely to make for difficult relations between Kuala Lumpur and Washington. Over the last eight years, US engagement with ASEAN has ebbed, leading to deteriorating confidence in and support for the United States in the region. American policymakers will have to reconsider their approach, particularly on trade and development, lest China continue to make significant progress. Meanwhile, in the Pacific Islands, the Trump administration will need to maintain momentum formed over the last eight years to avoid Beijing building on its successes in the Cook Islands, Solomon Islands, and Vanuatu. Congressional attention to these overlooked players will remain critical.

The United States remains vital to security and prosperity across the Indo-Pacific. Many in the Trump administration have a long-standing commitment to the region and have promised to prioritize competition with China. But the structural constraints on US policy create real risks. The Trump administration and Congress will have to embrace the opportunities listed above if they are to maintain regional security and prosperity. I thank the committee for its time and leadership on these issues, and I look forward to your questions.