

Obama In 'Asia': The Issues That Matter

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US President Barack Obama, en route to 'Asia' (I use the speech marks, because Asia is so diverse and it is inaccurate to consider it a single entity), has no shortage of issues to deal with when he gets there. There seems to be a general feeling that US influence in Asia is on the wane, but I am sceptical about this.

Below are some key countries/points (in the order that Obama is visiting) worth considering:

Japan: US-Japan relations are at a bit of a funny point. For the first time in 55 years, Japan is not ruled by the Liberal Democratic Party, and newish Prime Minister Yukio Hatoyama wants Tokyo to have a more equal relationship with Washington. A key sticking point is the future of US bases in Okinawa, which have long been a bane to locals there, and are mildly straining bilateral relations. Nonetheless, Japan will remain the US' main ally in Northeast Asia, especially since the country's colossal fiscal and debt burdens (not to mention public opinion) preclude the adoption of a truly independent defence profile.

Singapore (Southeast Asia): There was a time when the US was heavily involved in virtually every country in Southeast Asia to prevent the spread of communism. However, since '9/11', the US has largely focused its geopolitical attentions on Afghanistan and Iraq (and increasingly Iran), and there is a widespread feeling that the US has neglected Southeast Asia. During its absence, China has been quietly building its influence in the region. This is probably a key reason why the US is now seeking to engage Myanmar.

Certainly, Southeast Asia matters to the US. There are 600mn people living here, and most of them are becoming more prosperous. Not that the US has abandoned the region by any means. Two Southeast Asian states – the Philippines and Thailand – are officially designated US 'Major Non-NATO Allies', meaning that they have a close military relationship with the US. So does Indonesia, and Vietnam has been boosting defence ties with the US in recent years. Hanoi would appear to fear the rise of China. As China becomes more powerful, some Southeast Asian states will bandwagon with it, but others will resist. Thus, the US remains crucial for regional security.

The US, meanwhile, will probably need to keep an eye on Southeast Asia due to the lingering presence of radical Islamist militant groups. These appear to be on the wane, but have not been decisively defeated.

China: This is the big one, and realistically merits its own blog post (another time!). I would argue that Sino-US relations represent the most important bilateral relationship in the world, because the US is the sole superpower and China is its only real credible challenger.

The main discussions will centre on China's vast trade surplus with the US and the exchange rate of the Chinese yuan, which has been de facto re-pegged to the US dollar since mid-2008. Beijing regards the yuan as a sovereign issue and therefore does not wish to be seen as bowing to US pressure. Obama has at least set the scene for a good atmosphere by refusing to meet the Dalai Lama (unlike US presidents of the past 20 years). Overall, though, it is too soon for China to allow

yuan appreciation. This will probably need to await clearer evidence that Chinese exports are recovering.

Obama will also continue to seek Chinese assistance in pressuring North Korea to denuclearise. To this end, the best that the US can hope for is a resumption of 'six-way talks'. Beijing's influence over Pyongyang is probably overstated, and in any case, Kim Jong Il will not give up nukes.

South Korea: Aside from North Korea, the main talking point here will be the stalled Korea-US (KORUS) free trade agreement, which Seoul and Washington have signed but whose ratification in the US is being held up by labour groups and American carmakers. However, given the centrality of the US in South Korea's defence policy, I would expect relations between the two to remain cordial, despite any differences over trade.

Asian integration in general: Some might argue that Asian integration poses a challenge to the US, since it could end up excluding America from such a dynamic and up-and-coming region, and empower China, if Beijing is the main force behind this. Perhaps so, but I have two observations on this front:

Firstly, Asian integration is a very long-term process. The emergence of an EU-style economic union with an elected parliament is probably at least a generation away. Asia remains divided along the lines of economic disparities (ranging from wealthy and sophisticated South Korea to impoverished Cambodia); vast intra-regional cultural, linguistic and historic differences; and differing geopolitical leanings vis-à-vis the role of the US, China, and Japan in Asia. Therefore, the US is not about to be challenged by a new Asian bloc. Indeed, the sharp recession of 2008 demonstrated the centrality of the US to the global economy, and the myth of Asian decoupling.

- Secondly, the eventual emergence of an Asian bloc might well be considered natural, just like the EU and other regional groupings. Therefore, if such a bloc emerges, the US should refrain from interfering with this process (as it did by blocking Japan's initiative for an Asian Monetary Fund) or forcing its inclusion in it. Rather, the US' challenge will be to ensure that it develops a co-operative relationship with the new 'Asia' for mutual benefit.