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**PRESIDENTIAL INBOX MEMO**

Reimagining US Grand Strategy Program

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# Think Small to Win Big in the Indo-Pacific

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**TOPLINE**

**President-elect Donald J. Trump has an opportunity to turn his transactional approach to U.S. alliances and security partnerships into a strategic advantage in the Indo-Pacific. The US-China rivalry is growing, but its dynamics are very different from the Cold War between the United States and the Soviet Union, when the two major powers had an outsized ability to coerce and incentivize countries into joining their respective camps.**

**Instead of a bipolar system, where two superpowers lead rival security blocs, the Indo-Pacific is increasingly moving toward multipolarity, allowing states to pursue close economic and security relationships with multiple major powers, including China, India, Japan, Russia, and the United States. The unique geography of the region — both its vast distances and maritime environment — reinforces this trend toward multialignment. The next administration should align U.S. strategy with these geopolitical realities, pursuing a more flexible and fluid "mix and match" approach to coalition building.**

## THE PROBLEM

For the last four years, U.S. Indo-Pacific strategy sought to build an exclusive, U.S.-led security bloc — what the Biden administration called a "latticework" — pushing allies and partners to enhance their defense cooperation with the United States, as well as each other, and pressuring them to scale back their economic and security engagements with China. This effort to gather as many countries as possible and to lock them into a U.S.-led security architecture had limited success.

As much as the last administration touted a "new convergence" with allies and partners in Europe and the Indo-Pacific, it was often out of step with broader geopolitical dynamics. Even as it forged more links among U.S. allies — such as the quadrilateral among Australia, Japan, the Philippines, and the United States, dubbed the "Squad" — it made little headway in drawing Southeast Asia into its orbit. According to the ISEAS-Yusof Ishak Institute's State of Southeast Asia 2024 survey, if forced to take a side in US-China rivalry, 50.5 percent of Southeast Asians would choose China over the United States, up more than 11 percentage points compared with the previous year.

Even many close U.S. allies have pushed back at these attempts to force them into exclusive partnerships. For example, when the White House pressed Japan, the Netherlands, and South Korea to impose export controls on China's access to advanced chips and semiconductor manufacturing tools, all three U.S. allies resisted or opposed U.S.-led restrictions, forcing Washington to offer exemptions. Though most countries share Washington's concerns about growing Chinese coercion, they tend not to perceive Beijing as an existential threat and in turn are unwilling to follow America's lead in adopting a more aggressive approach toward China.

Washington's attempts to create this broad anti-China coalition mainly succeeded in drawing China into closer partnerships with countries hostile to the United States. In the last four years, for example, Beijing refused to support a United Nations Security Council statement condemning a North Korean intercontinental ballistic missile test, bankrolled the Iranian government by buying almost all its crude oil, and sold large amounts of dual-use technologies to Russia to keep its war machine running. These stronger ties have led to overblown fears about a new axis forming among these four countries, as well as counterproductive calls to push middle powers firmly into the U.S. camp. This is a quintessential mirror-imaging problem, which assumes China will take the same approach as the United States. If Washington continues down the same path of trying to cajole states into joining a U.S.-led security bloc as a counterweight to China, it risks the worst possible outcome of sending Beijing further in the arms of its other adversaries while alienating the countries Washington needs to balance against China in the first place.

## ESSENTIAL CONTEXT

The last administration rightly recognized that the United States needs allies and partners to balance against China, but it seemed to believe that the number of states in the coalition mattered most, ignoring coalitional effectiveness. "Michael Jordan may have been the best basketball player to ever play the game," said Colin Kahl in 2023, then-the undersecretary of defense for policy, but "even if you're Michael Jordan, you'd like to have four other Bulls with you on the court." In this view, the more countries the United States has in its camp, the stronger the deterrent effect will be. It failed to consider if the individual players could form a team.

While a large and diverse coalition — like the one the Biden administration sought to build — would seem to offer a strong deterrent, in practice, a large coalition is often less — substantially less — than the sum of its parts. Specifically, as the size of a coalition grows, the coordination challenges become more difficult, especially managing differences in national interests. Take the Quad — a partnership of Australia, Japan, India, and the United States — as an example: all four countries are concerned about aggressive Chinese behavior, but Japan and the United States — and to a lesser degree Australia — would be far more likely than India to view a Chinese attack on Taiwan as a threat to their national security interests. Indeed, India's reticence to become involved in a Taiwan contingency is likely why the Quad avoids any mention of the issue in its public statements.

Countries in the region — including many close U.S. allies and partners — refuse to choose between the United States and China. More important, they are actively seeking multialignment, pursuing economic and security partnerships with China, the United States, and other major powers based on where they identify having shared interests. For example, the Philippines has deepened defense cooperation with the United States amid the growing harassment of Philippine vessels by the Chinese coast guard in waters Beijing claims as its own. Despite its skirmishes with Beijing in the South China Sea, the Philippines has still pursued new trade and investment opportunities with China. The country's president, Ferdinand Marcos, Jr., captured his country's multialigned position, explaining, "We refuse to play by the rules that force us to choose sides in a great power competition."

The story is similar with other U.S. allies and partners in the region. Vietnam elevated its relationship with the United States to a comprehensive strategic partnership in 2023 but only months later joined China's "community of common destiny." Similarly, though Indonesia and the United States conduct regular military exercises, Jakarta recently agreed to resume military exercises with China for the first time in a decade. Even U.S. allies Japan and South Korea continue to deepen economic integration with China, agreeing in May 2024 to resume negotiations on a trilateral free trade agreement. Countries are opting for multialignment because they recognize security and economic interests as inseparable, and they see little need to sacrifice one for the other.

Multialignment is not only possible but desirable in the Indo-Pacific, both because the distribution of power is increasingly multipolar and because the region's vast distances and maritime environment promote strategic flexibility. First, the distribution of power has shifted over the past decade to China and other middle powers, limiting the U.S. ability to dictate the terms of international politics, including forcing countries to choose a side in the US-China rivalry. In this age of increasing multipolarity, when there is more uncertainty about future threats and the reliability of alignments,

countries are hedging their bets, opting to maintain flexibility by working with a variety of countries through less formal coalitions and issue-specific partnerships. Second, the geography of the Indo-Pacific reinforces this tendency toward multialignment. As Kelly A. Grieco and Jennifer Kavanagh argue, the region's maritime geography and vast size tend to reduce threat perceptions across the region — especially for Southeast Asia and the Pacific Islands — where the sea offers a natural defensive barrier against attack and the distances involved turn regional flashpoints like the Taiwan Strait into far-off concerns. Similarly, Europe — removed thousands of miles from the theater — views China mainly as a political rival and economic competitor rather than an immediate military threat.

In trying to build a large and diverse anti-China coalition over the last four years, U.S. Indo-Pacific strategy effectively worked against both the shifting distribution of power and regional geography. Without a more balanced and inclusive approach to coalition building, one that prioritizes equally security and economic relationships, Washington will continue to cede political ground to Beijing.

## POLICY RECOMMENDATIONS

Given these strategic realities, the next administration should recalibrate its approach to the region, leaning into smaller, more flexible alignments and issue-based coalitions and leading more with economics and diplomacy rather than military and security policies.

**Lean Into Smaller, More Issue-Specific Coalitions.** Instead of trying to build a latticework to firmly link allies and partners together within a U.S.-led security architecture, the next administration should embrace flexible alignments and smaller issue-based coalitions. Specifically, it should work to integrate the United States more fully into the region's existing mix of bilateral, minilateral, and multilateral arrangements, including through more robust collaboration with the Association of Southeast Asian Nations (ASEAN) on issues of cybersecurity, supply chain resilience, and maritime domain awareness.

As importantly, Washington should stop trying to find a one-size-fits-all solution to the security challenge presented by Beijing, in which it pushes to enlarge and expand the scope of existing coalitions and minilateral groupings. To start, the next administration should encourage NATO to take a lower profile in the Indo-Pacific and instead emphasize that European allies will more effectively — even if indirectly — contribute to Indo-Pacific security by assuming more responsibility for their own security and defense, which would allow the United States to direct more military resources to deterring China.

In addition, the United States should drop plans to add new members to AUKUS Pillar 2 in favor of a new purpose-built forum for promoting co-development and deepening defense industrial integration with close U.S. allies. This approach offers two distinct advantages: First, it avoids feeding China's paranoid narrative and regional fears about AUKUS fueling arms races and eventually turning into an "Asian NATO." Second, because China has largely succeeded in framing AUKUS across the region as an anti-China coalition, creating a new forum for defense industrial cooperation would facilitate the participation of countries like New Zealand that are wary of aligning too closely with the United States as they balance important economic and security relationships with both Washington and Beijing.

**Change the Strategic Narrative.** The incoming Trump administration should shift away from the "us versus them" framing of the Biden administration and instead work to clearly communicate U.S. interests in the region and redlines. This would allow further development of beneficial partnerships without either exacerbating regional tensions or alienating countries — particularly those in Southeast Asia — that oppose the division of the region into separate blocs.

The administration should also avoid constrictive and exclusionary frameworks like democracy versus autocracy framing that the Biden administration heavily relied upon. This approach rejects the tendency towards multialignment and needlessly alienates potential U.S. partners. Instead, the new administration should be quick to offer incentives to Indo-Pacific countries that implement policies and reforms that are in line with U.S. goals and avoid reacting with condemnations and punishments when countries enter constructive deals with China.

The overarching strategic goal of U.S. policy in the Indo-Pacific should be a positive one that seeks to advance U.S. security through reliable partnerships, both militarily and economically. A strategy centered on isolating China will only drive the security dilemma and encourage China to undermine U.S. goals. This strategic framing should be clearly articulated in the National Security Strategy in the first year of the new administration. It should be clear-eyed about the intentions and capabilities of China without attempting to deny China a substantial role in the Indo-Pacific and global affairs.

**Lead with Diplomacy and Economics.** While most countries in the Indo-Pacific do not seek to be part of an unwieldy U.S.-led security coalition, almost all would like to see an expansion of ties with the United States. To make that happen, the incoming administration should focus more heavily on diplomacy and deepening economic ties in the region, rather than forming new security partnerships.

A more robust diplomatic approach to the Indo-Pacific will serve as the foundation for the United States to establish new economic agreements, deepen existing security partnerships, and facilitate cultural exchanges. The incoming administration should cut special envoy positions that overlap with the work already done by regional and functional bureaus, reassign officers focused on less important regions, and instead shift diplomatic resources to the Indo-Pacific. It should also signal a willingness to engage in diplomacy with adversaries, opening the possibility of less dangerous relations. Early in the new administration, President Trump should consider opening an embassy in North Korea to form the basis of future negotiations. More dialogue, even with adversarial states, will only help the United States understand the challenges it faces and the opportunities available to advance U.S. interests.

There is significant interest in the Indo-Pacific for greater U.S. economic involvement. The Indo-Pacific Economic Forum (IPEF) — which provides little more than an outline for digital trade and support for public-private partnerships in the region — cannot compensate for the absence of a robust free trade policy. Today, the United States finds itself outside the region's major trade agreements — the Regional Comprehensive Economic Partnership and the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) — while China is already a member of the former and has applied to join the latter. Without a more balanced and inclusive approach to coalition building, one that prioritizes security and economic relationships equally, Washington will continue to cede political ground to Beijing and fail to capitalize on opportunities for mutually beneficial trade.

A rejuvenated U.S. approach to free trade in the Indo-Pacific does not mean returning to the old Washington Consensus. Rather, there is an opportunity to establish beneficial deals for the United States while still providing for reindustrialization and protection of U.S. workers. Countries in the region actively desire the lowering of trade barriers with the United States, presenting the possibility of expanded export markets for U.S. goods and services. The next administration should seize this opportunity, including concluding sectoral trade agreements with established trading partners and integrating the U.S. defense industrial base with allies in the region.

The next administration should work with allies and partners to counter China's growing power and influence, adopting a more flexible approach to coalition building. Above all, it should prioritize reinforcing existing bilateral and minilateral security partnerships, expanding multilateral regional trade, and leading with diplomacy, including seizing opportunities to reset relations with adversaries. America's relationships with allies and partners present the new administration with a defining challenge that will shape future peace and security – or its dissolution – in the Indo-Pacific.