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## Transcript

# Transatlantic Interests in Asia

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## TRANSATLANTIC INTERESTS IN ASIA

### **Xenia Dormandy:**

Good afternoon everybody, and happy new year. Thank you all for joining us today. Let me do a little bit of housekeeping before we get started. As most of you know, I'm Xenia Dormandy. I run the US programme here at Chatham House. Unlike so many Chatham House events, this is actually taking place on the record. I think it's going to be on the web, but I could be wrong about that, but certainly it is on the record. If you want to tweet, it's #CHEvents. I'd ask, however, that everybody puts their phone on silent at this moment.

With that housekeeping, let me get started as quickly as we can. We're extraordinarily lucky today to have Danny Russel come and be with us for an hour to chat about transatlantic interests in Asia. Danny is currently the assistant secretary for East Asia and the Pacific at the State Department, which basically means he runs America's foreign policy toward the East Asia-Pacific region. Before that he ran it out of the White House – he was the senior director for Asian affairs and special assistant to the president at the National Security Council. He's a long-time foreign service officer. You've been posted in Japan, in The Hague, among other postings. With that, let me not take any more time, but ask Danny to give a few opening remarks. Then we will have a conversation and open it up to the floor. Danny, thank you for joining us.

### **Daniel Russel:**

Thank you very much, Xenia. With your permission, I'll stand up here, just to give myself the advantage of height and the opportunity to glance at a few of the notes that I scribbled down. I'm very much a paper person. Thanks so much for having me, I'm really glad to be here. I've been in the position as assistant secretary of state for East Asia and the Pacific for under six months. I made a vow to myself that in addition to travelling throughout the Asia-Pacific region, I would make it to Europe before the six-month mark. I'm glad to have been able to do that. If I could perhaps augment my bona fides a little bit, in addition to what Xenia said, I spent six years of my professional foreign service career in Europe. I spent an additional three years at the United Nations and another two years as chief of staff to the US undersecretary of state for political affairs, handling global issues. So I think I embody the principle that the US is every bit as much an Atlantic country as it is a Pacific

country, and that the alliances across both oceans are hugely important to the United States.

What I wanted to do today if I could is to talk about our strategy and our policy towards the East Asia and Pacific region – talk about the rebalance, and talk a little bit about what it is as well as what it isn't. As Xenia said, I know a little bit about it because I was brought over from the State Department to the White House, to the National Security Council, coincidentally on the very first day of the Obama administration. I'm not a political person; I'm a career diplomat. But as fate would have it, I was brought over at a time when a brand-new president was really unpacking and beginning to articulate the philosophy and the principles that he brought with him.

Key among those principles and that philosophy was a conviction that the United States in January 2009 was under-invested in the Asia-Pacific region, an economically dynamic and strategically important region for the United States. What he said and felt at the time was that the future of the United States, in terms of economic growth and security, was deeply intertwined with developments in the Asia-Pacific region, and that it was incumbent on the United States to be active in contributing to, investing in and helping to shape events in that region.

But although he believed that the US had been excessively involved and intertwined in two major land wars, in Iraq and in Afghanistan, and that was something he came to office determined to unwind and resolve, never ever did the president suggest that our rebalance to and investment in the Asia-Pacific region would come at the expense of our investments and our ties to other regions, let alone to the Atlantic community or the Atlantic alliance and to Europe. What the president talked about when I first started at the National Security Council was the extent to which our collective interests rest in the promotion of a stable region in the Asia-Pacific – a stable security environment, a rules-based order with an open economic system that is fair, a liberal political order that also respected the rights of citizens.

On that basis, we undertook heavy investment in what he called the rebalance, and what at various points some in the administration – including Secretary [Hillary] Clinton and my good friend and predecessor Kurt Campbell – frequently called the pivot. To be honest, I've always used these terms interchangeably. The advantage that the phrase 'pivot' brought to us is in the speechwriting world of action words; 'pivot' sounds aggressive, it sounds decisive, it's got some energy to it. It served its purpose well. What no one intended, and what certainly was not reflected or embodied in the policy, is

the connotation of pivot as 'to swivel', as to be unmoored or to turn our back on one quadrant of the compass in order to focus on another. So it is not the case that the word 'pivot' was the first term or that it has been stricken from the lexicon. But I certainly lean most heavily on the word that President [Barack] Obama originally used, 'rebalance', because that has a healthy connotation of getting it right, of striking the right kind of balance among all of our interests – and I mean all of our interests as in interests that each of us share, and all of our interests in terms of the diversity of what we do and have to care about.

In terms of what rebalance is, I can attest very deliberately that the US strategy – the Obama administration's strategy – began and begins with our friends and allies and partners. The very first visitor to the White House in 2009 was the prime minister of Japan. The president of Korea was not far behind; the prime minister of Australia was not far behind. In the Asia-Pacific region, our strategy has been to strengthen our partnerships and modernize our alliances, and that has been a major and active project for the last five years – to the point where I think that all of America's alliances in the Asia-Pacific region are in excellent shape. I'm standing in the capital of a very important and long-term American ally, and the only reason I'm not speaking directly to the state of our bilateral relations with the UK is because my area of expertise is in Asia.

The second area of focus for the US in this rebalance undertaking was an effort to participate in and to help build up and strengthen regional institutions. That's important in a region where the institutions are vastly less mature, less developed, than elsewhere – particularly in Europe. We have engaged directly and enthusiastically with ASEAN as the hub of the regional process, and through that with the East Asia Summit as well as with other ASEAN-related groupings and non-ASEAN-related groups as well, such as the Pacific Islands Forum and the like. Early on, the administration debated about the pros and cons of the US joining the East Asia Summit, mindful of the fact that it constituted a tremendous investment of presidential time just to fly across the Pacific, let alone to go to one of these meetings every year. Frankly, these are meetings that are not noteworthy for the breathtaking excitement of the agenda, and the agenda itself typically focuses very heavily on issues of concern specifically to the Southeast Asians. There were many sceptics in the US government as to whether it was a good idea to make this undertaking. The deciding vote was cast by the president himself, who basically said: if we take the region seriously and if in fact we're committed to trying to build a rules-based order, a strategy that holds, that we should wait until the

institutions perfect themselves is a flawed strategy. We're in for a long wait. What we need to do is take off our coats, roll up our sleeves and dive in. If we want to have influence, we need to be a part of it – and be a part of it we have.

Thirdly, we've engaged directly and actively with the emerging powers in the region – first and foremost with China, and I'll talk more about that, but not only China. Other emerging powers like Indonesia, India – not part of my personal remit given the way that the State Department organizes itself but still a very important partner in the region.

We also put a great deal of energy behind our economic engagement in the region. That is testified to by the determination with which we have pursued the Trans-Pacific Partnership, in tandem with the companion piece, the TTIP (Transatlantic Trade and Investment Partnership) effort, here on the continent, as well as the president's direct and active engagement with APEC (Asia-Pacific Economic Cooperation). Beyond TPP (Trans-Pacific Partnership) in the Asia-Pacific region, in order to avoid a two-tier system, we have initiated what we call the Enhanced Economic Engagement (E3) to work with countries that are not TPP potential members or candidates now but can be and should be in the future.

Lastly, we put great emphasis on support for political and social and economic reform and democratic development. That's an area where the US and the UK in particular have partnered to tremendous effect, specifically in Myanmar, Burma, where we have some claim to having helped crystallize the decisions that led the leaders of Myanmar to choose the path of reform and democratization. We certainly can claim credit for jumping in with both feet in the effort to help support them in that effort.

In terms of what the rebalance isn't – it is not, as I said, a brand-new idea. I'm often reading articles that describe it as a new policy or date it to circa November 2011, when President Obama gave a major speech at the Australian parliament, or other turning points. But as I've described, it is an idea that President Obama brought with him. It fell on very fertile soil. It's been a consistent policy for the last five years. I would add, in terms of also what it's not – it's not a passing fancy. It's not a flash in the pan. This is a sustainable and sustained policy, and it is reflected in the investments and budget decisions that the US is making. In an era of austerity, the US is protecting its budgets in terms of public diplomacy, in terms of traditional diplomacy, in terms of security development and defence programmes, as reflect the importance that we place on the region.

It is not, as I said, a policy that comes at the expense of Europe in any way. And it's also not a containment strategy. It's not an effort to contain China. Let me, Xenia, if I can impose on your hospitality, let me talk a little bit specifically about China. As I said, as important as China is, as important as the emerging powers are, the rebalance strategy is not about China – it's about the United States, it's about our friends and it's about our principles and our goals for the future. But what is about China is that the United States not only welcomes but benefits from the peaceful rise of a stable and prosperous China, a China that accepts responsibilities and contributes to global interests in a way that's commensurate with its growing size and its growing wealth. On purpose, the hallmarks of the US relationship with China are a mix of cooperation and competition. But we go to great lengths to try to ensure that the competition is a healthy one and not a strategic rivalry.

The phrase that now adorns coffee mugs and t-shirts all over Washington – 'a new model of relations between major powers' – is a catchphrase that the Chinese are very fond of but that we also endorse. What we mean by a new model is not the notion of some sort of G2 condominium, but rather a conviction that the US as an enduring power and China as a rising and important nation – certainly in the region and on a global scale as well – that these two countries are not condemned to some sort of mechanistic standoff. We are not in the business of recreating the Cold War. This is not a zero-sum equation. China's growth and development can occur in a way that contributes net-net to the prosperity and the stability and the interests of the region and ultimately the world.

One of the vehicles that helps us achieve that is direct, candid and high-level dialogue with China. High-level dialogue matters because of the Chinese system. China is governed by the seven members of the Standing Committee of the Chinese Communist Party. It is not only important but necessary to speak directly to them. In the first three-plus years of the Obama administration we made a vigorous effort to get to know the Chinese leadership, as well as to get to know the incoming Chinese leadership. President Obama in his first term held something like 16 summits with President Hu Jintao and Prime Minister Wen Jiabao, and in the process also designated Vice President [Joe] Biden to get to know then-Vice President Xi Jinping and build up other relationships that have stood us in good stead and have mattered a great deal. At the same time, we have pursued a structure of what we call the Strategic and Economic Dialogue, which allows the US and China to talk on a range of issues at multiple levels and brings a system there – that at times is very stovepiped – together so that the economic and

security people are in the same room and the same conversation, something we found very valuable.

On the subject also of what rebalance isn't: as important as China is, our strategy in Asia is not all about China. In fact the region that is growing at an extraordinary rate, whose demographics and economic development are hugely consequential to all of us, is Southeast Asia. It's certainly my belief that in this transformative period in Southeast Asia, where there is a huge amount of reform as well as a considerable amount of uncertainty, the region has a lot to learn from Europe – in terms of Europe's own experience with economic and security integration, dealing with historical sensitivities, harmonizing regulations and policies, administering common markets, promoting good governance. One of the reasons I'm here in London and going on tomorrow to Brussels is really to advocate for the greatest degree of activism on the part of the UK and of Europe in helping the countries of Southeast Asia, and helping ASEAN as an institution, to meet some of the challenges and to take advantage of some of the opportunities that face it right now.

We're entering 2014 in partnership, with a considerable degree of positive momentum, but also facing very significant challenges. At the top of the list I would put the territorial disputes, the maritime security issues, that put China at odds with so many of its neighbours – in the first instance in the South China Sea, but in the East China Sea with Japan as well. The ongoing and serious threat from North Korea's nuclear programme and missile programme. The challenge of concluding the Trans-Pacific Partnership along with the associated economic projects, and building an inclusive and not exclusive set of trade relationships, and tying that in, importantly, with TTIP here in Europe. Helping Japan to deal with the historical issues that create tensions, and even estrangement sometimes, with its neighbours. Dealing with some of the socio-political tensions in countries like Cambodia and Thailand, which just today went through a major demonstration. Promoting reform in Myanmar, helping Vietnam to move forward in the 21st century. Dealing with the significant climate and environmental changes affecting the East Asia and Pacific region – everything from the impact of global warming on the Pacific islands to the struggles of the countries on the Mekong with environmental management.

So the bottom line is that our engagement in Asia-Pacific does not, will not, should not come at the expense of our engagement in the Atlantic – to the contrary. We have common interests and can do far more together than we could hope to do independently. I'm here to say that we want deeper

coordination, deeper consultation with Europe and with the UK on a whole range of Asia-Pacific challenges. With that, I will turn myself back to Xenia.

**Xenia Dormandy:**

Thank you, Danny. Thank you very much for your opening remarks. You raise a lot of very important points. I was particularly pleased to hear you focus on what it is and what it isn't, what the rebalancing is and what the pivot is and what it isn't. Of course there has been a lot of critique about pivot, particularly here in Europe, where a lot of people have felt that the pivot towards Asia has meant a pivot away from Europe. Pleased to hear that you don't characterize it that way and it shouldn't be characterized that way.