Since the advent of the Trump administration, US Asia policy has reflected more continuity than change. No more. The one exception has been US security policy, which continued to reflect time-honored principles, including the centrality of US alliances and deterrence. Changes have come at a breathtaking pace in the past few months. Credit (or blame) the emergence of “the real” Donald Trump, who has shrugged off the constraints and conventional wisdom that had kept him largely within the mainstream of US foreign policy practices. His decision to meet North Korean leader Kim Jong Un stunned most observers and led to a series of summits in anticipation of his historic meeting with Kim. The “Disruptor-in-Chief” was also hard at work on economic policy, with the imposition of tariffs on steel and aluminum exports by US trading partners. Trade tensions between Washington and Beijing grew throughout the first four months of 2018 and there are fears of a trade war in the absence of astute management.
National defense strategy: compete, deter, and win

Like the National Security Strategy (NSS) document we reviewed in our last issue, the follow-on National Defense Strategy (NDS) – or, more accurately, the unclassified 2018 Summary of the National Defense Strategy: Sharpening the American Military’s Competitive Edge – spells out the broad array of challenges facing the United States. Unlike the NSS, it prioritizes the threat from the Pentagon’s perspective: “Inter-state strategic competition, not terrorism, is now the primary concern in US national security.” Not surprisingly, China, Russia, North Korea, and Iran enjoy pride of place in the report. Underscoring the administration’s argument that “America First does not mean America Alone,” the 11-page unclassified summary contained over three dozen references to “allies and partners” or “alliances,” and stresses the importance of cooperative approaches to meeting today’s security challenges. This public statement on US defense strategy can also been seen as Defense Secretary Jim Mattis’ tutorial to the administration and Congress about the criticality of defense security cooperation centered around the US alliance structure.

The administration also released its 2018 Nuclear Posture Review (NPR). While critics have focused on the differences with the Obama administration’s 2010 NPR, there were many similarities: both saw nuclear weapons as a last resort and endorsed the ultimate goal of a world without nuclear weapons; both reinforced the importance of extended deterrence – providing a security, including nuclear, umbrella over US allies – and the importance of strengthening conventional deterrence; and both called for dialogue with Russia and China to promote cooperation and enhance stability. Both also called for a much-needed modernization of the US nuclear arsenal, although the 2018 document reflected a greater sense of urgency given the re-emergence of great power competition. Perhaps the most controversial element was the 2018 NPR’s call for acquiring new low-yield warhead capabilities, which proponents believed would make nuclear deterrence more credible. Critics warned that such weapons made the use of nuclear weapons more likely, and would thus be destabilizing. We have not heard the end of this debate.

Kim Jong-Un and summits galore

We had anticipated Kim Jong-Un’s “peace offensive” but never imagined it would have this degree of “success” this early. Chairman Kim has gone from international pariah to everyone’s favorite prom date in a few short months, having recently met both Chinese President Xi Jinping and South Korean President Moon Jae-In. The latter meeting helped prompt the former, as did the shocking announcement made, untraditionally, by a South Korean envoy at the White House rather than from the US president or his spokesperson – that President Trump would personally meet Kim Jong Un sometime in late May or June. [Editor’s note: It was announced on May 10 that the summit would occur in Singapore on June 12.]

President Xi had previously refused to meet with Kim, reportedly out of frustration and annoyance with the North Korean leader’s actions, which “disrespected” Beijing. Suddenly, it appeared as if Xi was playing catch-up to avoid being marginalized in the emerging peace offensive. Japanese Prime Minister Abe Shinzo quickly began signaling his own willingness (eagerness?) to meet Kim; can Putin be far behind? Abe also rushed to Washington seeking reassurance from Trump that their previously closely synchronized hardline approach toward Pyongyang would not be undermined. He also hoped, to no avail, that his bromance with Trump would get Japan excused from impending steel tariffs. More on this later.

President Trump has received – and taken – a great deal of credit in stimulating the North’s diplomatic overtures (although calls for awarding him the Nobel Peace Prize strike us as incredibly premature) and there is no doubt his earlier “fire and fury” threats and “extreme pressure” campaign have contributed to the current flurry of diplomatic activity. How they
contributed remains a subject of debate, however. Did threats of war or increasingly tighter sanctions frighten Kim to the table? Or, did the prospect of conflict so scare President Moon that he offered incentives to Kim to cooperate? Or is this all part of a clever North Korean ploy, with Moon and Trump eagerly taking the bait? Only time will tell.

The North Koreans, of course, firmly reject the idea that they have been frightened or bullied into making diplomatic overtures; Pyongyang sees itself entering into the diplomatic arena from a position of strength, not weakness, due to its “powerful deterrent.” Skeptics (like ourselves) also see the assertion in the Panmunjom Declaration for Peace, Prosperity and Unification of the Korean Peninsula that “South and North Korea confirmed the common goal of realizing, through complete denuclearization, a nuclear-free Korean Peninsula,” not as an acceptance of the US demand for CVID – complete, verifiable, irreversible denuclearization – but as a North Korean statement that Korea Peninsula denuclearization first requires global disarmament. It’s been Pyongyang’s longstanding position that it would be willing to enter into global disarmament talks with the US and other nuclear powers, an action that would essentially legitimize the DPRK’s status as a nuclear weapon state.

Skepticism aside, the Moon–Kim summit provides cause for cautious optimism, although – as is the case with anything involving Pyongyang – the emphasis must be on the word “cautious.” One largely overlooked statement in the Panmunjom Declaration seemed particularly significant: “South and North Korea agreed to actively pursue trilateral meetings involving the two Koreas and the United States, or quadrilateral meetings involving the two Koreas, the United States and China with a view to declaring an end to the War, turning the armistice into a peace treaty, and establishing a permanent and solid peace regime.”

In the past, the North has argued that any peace treaty should be between the US and DPRK, or at most the US, DPRK, and China. The ROK was always the odd man out from Pyongyang’s perspective. Taken at face value, this statement indicates that Pyongyang is now ready to negotiate a peace accord with Washington and Seoul; it is Beijing whose participation appears to be optional. If Pyongyang means what this says, this is an encouraging, potentially significant, breakthrough.

By President Moon’s own admission, the Kim–Moon summit, symbolically important as it was in its own right, was also the scene–setter for the unprecedented meeting between a sitting US president and North Korea’s leader. A more conventional US president would have insisted on some deliverables in advance of a summit, which critics claim bestows undeserved credibility and prestige on Kim Jong Un. If we have learned nothing else in the past year, it is that President Trump is not your conventional US leader. The only thing that appears to be rising higher than expectations about the summit meeting are anxieties that it could fail and result in disaster. This disaster could take the form of Trump walking out in anger, leaving few options on the table short of even more extreme pressure and/or some type of military action. Or it could take the form of Trump being tricked into what seems like a good deal by the North Korean leader, whose real goal is not denuclearization but a lifting of sanctions and the gaining of international credibility and status as a member of the nuclear weapons club.

While we have argued that one underestimates Kim at his own peril, the same could be said for Trump. Recent personnel changes, including Mike Pompeo’s position shift from head of the Central Intelligence Agency to secretary of State and John Bolton’s transformation from Fox News’ warmonger–in-chief to national security adviser to the president, insure that two hardline skeptics will be whispering in Trump’s ear about any deal proffered by Kim. It’s easy to guess what they will be cautioning; more difficult is predicting whether Trump will listen. For example, Bolton and Pompeo, along with most of the national security establishment, understand the importance of the US forward
military presence on the Korean Peninsula (and
in Japan) and would caution against negotiating
it away. Rumor (reinforced by tweets) suggests
Trump might be more inclined to play the troop
deployment card.

Given the leadership system in Pyongyang and
Trump’s mercurial tendencies, it is absolutely
essential that both leaders agree on general
principles and objectives if there is ever going to
be real prospects for peace on the Peninsula.
While more traditional summits usually signal
the end of a diplomatic process, the Trump-Kim
meeting will at best merely signal the
beginning.

Trade wars in the making?

After a year chomping at the bit, Trump finally
got to unleash his instincts on the economic
front – and the results have been disturbing.
Economists challenge virtually every key
assumption of Trump’s economic policies.
Bilateral trade deficits are not indications of
economic weakness. Manufacturing is not the
critical sector of post-industrial economies. Job
losses are not primarily the result of
international trade. Trade wars are not “easy to
win.” Multilateral trade agreements are not
tools to exploit the United States, nor does
membership in such arrangements constitute
unilateral disarmament.

Nonetheless, the president remains committed
to an avowedly protectionist economic agenda in
his effort to “put America first,” arguing that he
is like every other national leader who seeks to
protect national interests. Since taking office,
Trump has sought to tear up existing trade deals
or withdraw from multilateral arrangements so
he can use US economic might to win better
terms in bilateral economic relations. He
considers unilateral sanctions a powerful tool to
win concessions and, after a year of frustration,
the first four months of 2018 were punctuated
by a flurry of actions on trade that allowed him
to put his governing philosophy to work.

In early March, the US announced it would
impose a 25 percent tariff on steel imports and
10 percent tariff on aluminum imports under Section 232 of the Trade
Expansion Act of 1962, ostensibly to protect US
national security. Allies pointed out that they
were unlikely to cut trade in an emergency,
undercutting the fundamental rational – and
legal basis – for the move. The sanctions were
not imposed immediately so that affected
countries could work out agreements with
Washington on ways to voluntarily restrain
exports to the US and rebalance the books. A deal
was struck with South Korea – some argue that
it was shrewd with minimal changes – and
negotiations proceeded with several other trade
partners. Worryingly, however, neither the
European Union nor China bent. Instead, both
announced that they would retaliate with
sanctions on their own.

On April 30, the administration announced that
it would delay a final decision on tariffs on the
EU and other US allies until June 1, to allow more
time for talks. The EU drew up its own list of
targets for US exports and said that it would only
discuss ways to address trade imbalances when
the US withdrew the threat of sanctions.

As the storm gathered, Japan remained within
the president’s crosshairs, despite repeated
attempts to explain why it deserved an
exemption. Prior to his April meeting with
Prime Minister Abe, Trump suggested that the
US might rejoin the TPP, from which he
withdrew during the first week of his
presidency, but that tease was subsequently
crushed.

Trade Ministers from the TPP-11

Tit for tat with China

President Trump has been especially eager to
remedy a trade deficit with China that he
reckons to have reached $500 billion. As is
discussed in the chapter on US-China relations,
he announced the imposition of $60 billion in
tariffs on Chinese goods, a move that Beijing
matched with $50 billion in tariffs of its own on
US exports. The US threw fuel on the fire when
it announced that it was forbidding US
cOMPANIES from doing business with ZTE, a
Chinese high-tech company, for seven years as
a result of its failure to comply with a previous
consent order imposed for violating an export ban on sales to Iran and North Korea. The Chinese government and its businesses viewed the US move as an attempt to throttle Chinese companies and used it to backstop the case for its indigenous technology development program, Made in China 2025. Attempts to halt the march toward an all-out trade war failed when a seven-person senior US delegation visited Beijing in early May for bilateral consultations on trade, but the two sides merely traded demands that given their sweep and scale could only be considered initial negotiating positions. As one of the US demands is the end of the Made in China 2025 initiative, prospects for progress are slim.

**Fundamental contradictions**

There are many reasons to object to the Trump administration’s economic strategy, but from our vantage point it contains two fatal contradictions, both of which undercut the core concern of Trump’s *National Security Strategy*, namely that the world has re-entered an era of “great power competition” between the United States, China, and Russia.

As a start, we note that while there is always a potential risk of a military confrontation, the real competition today is economic, which means that the principal “adversaries” are the US and China; Russia’s credibility as an international economic competitor is slim and diminishing. Yet US policies undermine its ability to compete with Beijing in this arena.

First, there is the emphasis on redressing bilateral trade imbalances. Even if this was a valid indicator of national economic strength – which it is not – the basic premise of the Trump policy is that the US must take money from its trade partners to end their “exploitation” of the United States and fix the nation’s economy. China’s message is just the opposite: The Belt and Road Initiative and the Asian Infrastructure Investment Bank both provide money to trade partners to meet their critical development needs. Even if the reality of the Chinese offers is quite different from what is presented, the contrast is inescapable, and the US will find itself struggling to increase its influence. The other Quad countries, led by Japan, have recognized the need to better compete with China in this area and are pursuing a “High Quality Infrastructure Initiative.” It isn’t clear, however, if they have the resources to compete with China’s largesse, especially if the US is focused on its own problems and prefers to devote resources to domestic concerns.

The second contradiction results from Washington’s readiness to pick trade fights with its allies while at the same time hoping to enlist them in a battle against China’s mercantilist and often predatory policies. There is an expanding consensus that the problems the Trump team has identified in Chinese policy and practice are real, must be addressed, and the current international trade order is not well suited to fix them. But even those who line up behind that diagnosis do not agree that the Trump administration’s remedy is correct. An indiscriminate policy that uses the same blunt tool – sanctions – against all trade partners antagonizes governments that would otherwise be ready to join US efforts to change Chinese behavior. Not only does it shatter the international consensus that will be essential to success in this endeavor, but it gives potential allies a reason to align with Beijing to counter a “rogue” US government ready to tear down the rules, norms, and institutions that have produced widespread prosperity since the end of World War II. In short, US actions allow it, rather than China, to be painted as the real threat to the international economic order.

Washington’s ability to rally support for all its international initiatives on trade or security is threatened by the Trump administration’s seeming disregard for the interests and views of its allies. As our reporting period closed, the US announced its withdrawal from the international effort to cap Iranian nuclear ambitions, a move that stunned European allies for its disdain (particularly after two European leaders trekked to Washington to plead their case). The commentary from European sources, in particular those who back strong ties with the US, has been scathing, with some openly questioning the future of US commitments to Europe. Asian allies and partners too are concerned, wondering what deals Trump is prepared to make with Pyongyang and Beijing as he works to “Make America Great Again.”
REGIONAL CHRONOLOGY
JANUARY – APRIL 2018

Jan. 1, 2018: In his 2018 New Year’s speech, Kim Jong Un repeats nuclear threats against the US, acknowledges the effects of sanctions against North Korea, and, in a major shift, is conciliatory toward South Korea, offering to send a delegation to the PyeongChang Winter Olympics.

Jan. 4, 2018: US and ROK agree to delay joint military exercises until after the Winter Olympics and the Paralympics.

Jan. 10, 2018: President Moon Jae-in speaks by phone to President Donald Trump to discuss the prospect for inter-Korean talks.

Jan. 11, 2018: President Moon speaks by phone to Chinese President Xi Jinping to discuss bilateral relations, high-level inter-Korean talks and the PyeongChang Winter Olympics.

Jan. 14, 2018: National security chiefs of South Korea, the US, and Japan meet in San Francisco to coordinate policies on North Korea.

Jan. 15-17, 2018: Secretary of State Rex Tillerson and Canadian Foreign Minister Chrystia Freeland co-host Vancouver Foreign Ministers Meeting on Security and Stability on the Korean Peninsula. The 20 participating countries included the United States' Korean War allies.

Jan. 17, 2018: USS Hopper, a guided-missile destroyer, conducts a freedom of navigation operation in the South China Sea, sailing within 12 nm of Scarborough Shoal.

Jan. 18, 2018: Australia’s Prime Minister Malcolm Turnbull and Japan’s Prime Minister Abe Shinzo meet in Japan.

Jan. 18, 2018: US and ROK hold second meeting of the Extended Deterrence Strategy and Consultation Group (EDSCG) in Washington, DC.


Jan. 27-28, 2018: Japan’s Foreign Minister Kono Taro visits China and meets Premier Li Keqiang.

Feb. 1, 2018: Russia's Prime Minister Dmitry Medvedev approves the deployment of Russian military aircraft to the island of Iturup (Japan: Etorofu) off the northeast coast of Japan.

Feb. 1–6, 2018: US Special Representative for North Korea Policy and Deputy Assistant Secretary for Korea and Japan Joseph Yun travels to Tokyo and Seoul to coordinate on the DPRK and other alliance and bilateral issues.

Feb. 2, 2017: US releases its latest Nuclear Posture Review, which declares a need for modified nuclear warheads of lower yield and a new, nuclear-armed, sea-launched cruise missile. It also argues for more “flexible” options to meet possible threats from resurgent Russia and China and that these supplemental and “tailored” options will enhance deterrence.

Feb. 5, 2018: Philippine President Rodrigo Duterte orders end to all foreign scientific research missions in waters off the country’s northeast in the region called Benham rise, which his government has renamed Philippine Rise.

Feb. 6–10, 2018: Vice President Mike Pence visits Japan and South Korea.

Feb. 7, 2018: Vice President Pence and Prime Minister Abe hold a bilateral meeting.

Feb. 8, 2018: ROK President Moon and Vice President Pence hold bilateral meeting at the Blue House in Seoul.

Feb. 8, 2018: Vice President Pence meets North Korean defectors in Seoul and visits Cheonan Memorial.

Feb. 8, 2018: President Moon meets Chinese Special Envoy Han Zheng, a member of the Politburo Standing Committee of the Communist Party of China (CPC).

Feb. 9, 2018: President Moon meets UN Secretary General Antonio Guterres in Gangneung.
Feb. 9, 2018: President Moon and Japanese Prime Minister Abe hold a summit in Pyeongchang.

Feb. 13–23, 2018: US and Thailand host 37th Cobra Gold joint military exercise in Thailand. Primary activities include a staff exercise, a field training exercise, and humanitarian civic assistance projects in Thai communities with participants from 30 countries.


Feb. 27, 2018: US announces it is cutting aid to several assistance programs in Cambodia due to “recent setbacks to democracy.”

March 2–4, 2018: Vietnam President Tran Dai Quang visits India and meets President Ram Nath Kovind and Prime Minister Narendra Modi.

March 5–6, 2018: ROK President Moon sends a five-member delegation headed by National Security Council Adviser Chung Eui-yong and National Intelligence Service Director Suh Hoon to North Korea to meet leader Kim Jong-un. They agree to hold the third inter–Korean summit in the joint security area of Panmunjom in late April.

March 5–10, 2018: USS Carl Vinson and two other US Navy ships make a port call in DaNang, marking the first US carrier to a Vietnamese port since the end of the Vietnam War.

March 6–13, 2018: India hosts biennial naval engagement, Milan 2018. The exercise includes naval personnel from 23 countries and ships from 16 navies from across the Indo-Pacific region.

March 7, 2018: Representatives from US and ROK meet in Honolulu for first round of talks to develop the 10th Special Measures Agreement (SMA), which will enter into force in 2019.

March 8, 2018: South Korea Foreign Minister Kang Kyung-wha meets Foreign Minister Vivian Balakrishnan of Singapore to discuss bilateral issues and ways to step up cooperation between the ROK and ASEAN as well as between the ROK and Singapore, the ASEAN chair for 2018.

March 8, 2018: Trade ministers from 11 Pacific Rim countries sign the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP).

March 8, 2018: US announces a 25 percent tariff on steel imports and 10 percent tariff on aluminum imports under Section 232 of the Trade Expansion Act of 1962 to protect US national security. The sanctions are not immediately imposed to give time for affected countries to come to agreements on voluntary restraints with the US.

March 9, 2018: President Trump speaks with President Xi about recent developments related to North Korea and speaks with President Vladimir Putin about bilateral relations mutual national security priorities and challenges.

March 15, 2018: Prime Minister Turnbull and Prime Minister Nguyen Xuan Phuc sign a new Australia–Vietnam strategic partnership agreement.

March 16, 2018: President Trump speaks with President Moon to discuss efforts to prepare for their upcoming engagements with North Korea.

March 16, 2018: Deputy Secretary Sullivan meets South Korea’s Foreign Minister Kang and Japanese Foreign Minister Aso Kono in Washington DC.

March 16, 2018: President Trump signs the Taiwan Travel Act (TTA).

March 17–18, 2018: Australia–ASEAN summit is held in Sydney.


March 21–24, 2018: Philippine Foreign Secretary Alan Peter Cayetano visits China and meets Foreign Minister Wan Yi. They agree that China and the Philippines will cautiously proceed with discussions on joint oil and gas exploration in the South China Sea.

March 22–24, 2018: South Korean President Moon visits Vietnam and meets President Tran Dai Quang, and other Vietnamese leaders.
March 23, 2018: Navy destroyer USS Mustin conducts freedom of navigation operation in the South China, sailing within 12 nm of Mischief Reef. China condemns the activity saying it “seriously harmed the country's sovereignty and security” and that “provocative behaviour by the United States will only cause the Chinese military to strengthen its defence capabilities.”


March 26, 2018: Deputy Secretary of State Sullivan meets Malaysian Foreign Minister Anifah Aman in Washington to affirm the importance of the US–Malaysia Comprehensive Partnership.

March 26, 2018: Deputy Secretary of State Sullivan meets Indonesian Foreign Minister Retno Marsudi in Washington to reaffirm the US–Indonesia Strategic Partnership.

March 28, 2018: Special Representative of President Xi and Director of the Central Commission for Foreign Affairs Yang Jiechi visits Seoul and meets President Moon.

March 28, 2018: Myanmar’s Parliament elects U Win Myint to be president of Myanmar.

March 30, 2018: India’s External Affairs Minister Sushma Swaraj meets Prime Minister Abe in Tokyo.


March 30, 2018: President Moon meets Director of the Central Commission for Foreign Affairs Yang Jiechi at Cheong Wa Dae.


March 31, 2018: UN Security Council blacklists 27 ships and 21 companies for helping North Korea evade sanctions.

March 31, 2018: Rex Tillerson’s commission as US secretary of State ends.

April 2–3, 2018: Acting Assistant Secretary for East Asian and Pacific Affairs Susan Thornton visits Malaysia to co-chair 31st US-ASEAN Dialogue with Malaysia Ministry of Foreign Affairs Secretary General Ramlan Ibrahim.

April 3, 2018: State Councilor and Foreign Minister Wang Yi meets DPRK Foreign Minister Ri Yong-ho during Ri’s stopover in Beijing.

April 4, 2018: United States, India, and Japan hold ninth trilateral meeting in New Delhi.

April 5, 2018: Russia’s President Putin meets State Councilor and Foreign Minister Wang Yi in Moscow.

April 7, 2018: International Criminal Court turns down petition to prosecute North Korean leader Kim Jong Un and others for the suspected abductions of Japanese citizens.

April 8, 2018: Chinese President Xi met with UN Secretary-General António Guterres at the Great Hall of the People.

April 8, 2018: Chinese Vice President Wang Qishan meets Singapore’s Prime Minister Lee Hsien Loong at Zhongnanhai in Beijing.

April 9, 2018: Myanmar’s military sentences seven personnel to 10 years in prison and hard labor as alleged accomplices in the killing of 10 Rohingya Muslims in Rakhine state.

April 10, 2018: North Korean leader Kim Jong Un talks about prospects for dialogue with the US, his first official comment on a planned summit with President Trump.

April 11, 2018: Japanese FM Kono meets ROK counterpart Kang to discuss upcoming summit between North and South Korea.


April 14, 2018: UN report puts Myanmar’s armed forces on a UN list of government and rebel groups “credibly suspected” of carrying out rapes and other acts of sexual violence in conflict.
April 15, 2018: Chinese Special Envoy Song Tao visits North Korea and meets Kim Jong Un in Pyongyang.

April 16, 2018: US Department of Commerce bans US companies from providing exports to ZTE for seven years because of the company's failure to comply with a previous consent order for violating export ban on sales to Iran and North Korea.

April 16, 2018: China and Japan resume high-level economic talks for first time in nearly eight years.

April 17–18, 2018: President Trump hosts Prime Minister Abe of Japan to Mar-a-Lago.

April 21, 2018: North Korea announces decision to close its nuclear test site and stop test launches of mid-to-long-range missiles.


April 24, 2018: ROK President Moon and Japanese PM Abe discuss latest developments on the Korean Peninsula by phone.


April 26, 2018: Mike Pompeo is confirmed as US secretary of State.

April 27, 2018: South Korean Moon and North Korean Chairman of the Workers' Party of Korea hold a summit in Panmunjom. They sign a joint declaration pledging to end hostilities and denuclearize the Korean Peninsula.

April 27–28, 2018: India's Prime Minister Modi visits China and meets President Xi in Wuhan.

April 30, 2018: President Donald Trump announces that his administration has postponed decisions about imposing steel and aluminum tariffs on the European Union and other US allies until June 1. Tariffs on South Korea are lifted because the two countries have agreed on alternative measures to reduce the US trade deficit with Seoul.

May 3, 2018: Seven-member trade delegation that includes US Ambassador to China Terry Branstad, Secretary of the Treasury Steven Mnuchin, Secretary of Commerce Wilbur Ross, and US Trade Representative Robert Lighthizer, United States Trade Representative Robert Lighthizer, goes to China for bilateral consultations on trade relations. The meetings are candid but make no progress.