The final trimester of the year is usually a time for Asian multilateralism to take center stage; this year, not so much. The Asia Pacific Economic Cooperation (APEC) Leaders Meeting, which was supposed to take place in Chile, was cancelled (due to civil disturbances in the host country) while the East Asia Summit (EAS) proceeded without either US President Donald Trump or Vice President Mike Pence (his normal stand–in) in attendance. Regional economic developments (and US trade actions impacting the broader Indo–Asia–Pacific region) grabbed the headlines instead. Regional Comprehensive Economic Partnership (RCEP) participants gathered along the EAS sidelines to finalize their trade agreement, sans India, which balked at the last minute. Meanwhile, the White House and US House of Representatives, while locked in a battle over impeachment, nonetheless reached common ground on the US–Mexico–Canada Trade Agreement (USMCA) while the administration announced a “phase one” trade deal with Beijing. There appears to be less than meets the eye in both agreements, but each impacts the region writ large. Finally, not to be overshadowed, the State Department issued its own explanation of the Free and Open Indo–Pacific (FOIP) strategy, complementing the Pentagon’s version, which was analyzed in our last issue.

APEC Leaders Meeting Abandoned

It was perhaps symbolic of multilateralism during the Trump era that the annual Asia Pacific Economic Cooperation (APEC) Leaders Meeting, scheduled to take place in Santiago, Chile in November, was canceled weeks before it was to commence. Mass protests triggered by Chilean President Sebastián Piñera’s neoliberal economic policies were to blame. If this year’s get-together was to have followed in recent tradition, little of substance would have been accomplished at the meeting itself, but US President Donald Trump and Chinese President Xi Jinping were supposed to sign a deal that would signal a truce in their trade war. That signing is now expected some time in January. The US reportedly offered to host the summit but APEC members must reach consensus on an alternative and no such agreement has emerged.

EAS: Right Message, Wrong Messengers

US participants at the EAS and associated meetings (such as the US–ASEAN 10+1) delivered all the right messages about US commitment to the region. The message was both reassuring—“The Trump administration is extremely engaged in and fully committed to this region”—and blunt: “The region has no interest in a new imperial era where a big country can rule others on the theory that might makes right. America is helping our ASEAN friends uphold their sovereignty.” The messengers were US Commerce Secretary Wilbur Ross, in the region for an Indo-Pacific Business Forum, and Robert O’Brien, the newly appointed National Security Advisor who was a complete unknown in Asia (and not exactly a household name in the US).

Trump’s decision to send Ross and O’Brien in his place was seen as an insult by many EAS heads of state. Last year, Pence was the senior representative; Ross was the lowest ranking official to ever represent the US at an ASEAN leaders’ event. Making matters worse, O’Brien was sent to the US–ASEAN meeting that seven out of 10 ASEAN heads of state boycotted in favor of their foreign ministers. Making matters even more worse, one US diplomat noted, “We are extremely concerned by the apparent decision [to send lower level officials to the meeting],” further noting that “a full or partial boycott by ASEAN leaders will be seen as an intentional effort to embarrass the President of the United States of America and this will be very damaging to the substance of the ASEAN-US relations.” Really? O’Brien also relayed the following personal invitation from his boss: “I would also like to take this opportunity to offer an invitation to all the leaders of the ASEAN to join me in the US for a special summit meeting at a time of mutual convenience in the first quarter of 2020.” It will be interesting to see if they take him up on this offer.

Meanwhile, the EAS Chairman’s Statement contained all the standard elements: the importance of ASEAN centrality, the need for Korean peninsula denuclearization, support for a South China Sea Code of Conduct, and the need “to keep markets open, inclusive and competitive through the rules-based multilateral trading system as well as improving transparency and predictability of the business environment.” Participants also remained “mindful of the potential severe impacts of climate change on the region’s socio-economic development and people’s livelihood.”

India Backs Out, Reshapes RCEP

As Satu Limaye notes in his chapter on India’s relations with the region, plans for the Regional Comprehensive Economic Partnership (RCEP), a 16-member trade agreement, were jumbled when India decided at the last minute not to join the deal. Talks were launched in 2012, and after numerous delays, agreement was anticipated by year’s end. And, indeed, by their November get-together, leaders from 15 of the 16 nations involved—all 10 ASEAN members, Australia, China, Japan, New Zealand, and South Korea—were happy with the deal. Indian Prime Minister Narendra Modi was the lone holdout;
Indian officials explained that the agreement was not the “level playing field” that he sought.

Figure 2 The November 2019 RCEP Summit was held in Bangkok, Thailand. Photo: Bloomberg

Limaye explains Modi’s thinking in depth but the decision warrants mention here for two reasons. First, it re-balances internal dynamics among RCEP members. India was viewed as a strategic counterweight to China; without Delhi, Beijing is the dominant voice in the group. Second, the outcome suggests limits to optimism about India’s engagement in initiatives that would require it to depart from its history of non-alignment or be more forward leaning in the provision of public goods. In short, Delhi still defines its national interest narrowly.

Still, RCEP matters. When it goes into effect—it is expected to be signed early next year—it will be the world’s largest trade agreement by population and GDP. The Brookings Institution estimates that RCEP could grow global real incomes by $285 billion annually if in place by 2030, a pace twice that of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). While it is a lowest common denominator deal—in contrast to the “higher level” CPTPP—it makes important progress on several fronts. It provides for single rules of origin for members, reduces tariffs, and steps up intellectual property protections. Analysts note that it fails to advance rules on e-commerce and has limited provisions concerning services, investment, and labor and environment standards. (A detailed assessment is available here.)

If Modi changes his mind, little is required to join. The RCEP provisions that are designed for India will be frozen and the agreement has a general accession provision for later entrants.

A North American Trade Deal Ripples Through Asia

In December, the US finished political negotiations (between the Trump administration and the Democratically controlled House of Representatives) on the US, Mexico, Canada trade agreement (USMCA), the successor to the North America Free Trade Agreement (NAFTA), which Trump denounced “as the worst trade deal in history.”

USMCA is a modest improvement over NAFTA; one official assessment concluded it would have a “moderate” impact on the US economy, creating 176,000 jobs (the US added 266,000 jobs in November) over six years and raise GDP 0.35%. Experts note that many of the USMCA improvements were in the abandoned Trans-Pacific Partnership.

Still, the deal has a couple of items that matter for the Indo-Pacific region. First, clause 32.10 says that the US can withdraw from the USMCA if signatories sign a free trade agreement with a non-market economy—a code phrase generally assumed to refer to China. There is concern that the US will insert that clause in other trade deals to be negotiated, although it is hard to find a case where it might apply. The US has nearly two dozen agreements with other countries in the region and they are unlikely to agree to such a revision. The US is negotiating a trade agreement with the Philippines, but Manila already has an FTA with China through ASEAN. Vietnam could be a target—it is a non-market economy—but it is also a member of the CPTPP and the US has sought to improve relations with Hanoi; punishing it in this way is strategic incoherence.

Second, USMCA tightens rules of origin and has a minimum wage rule that will affect automakers that exploit the single North American market by sourcing manufacturing and assembly in Mexico or Canada. The new deal requires 75% of vehicle components to be manufactured in the US, Mexico, or Canada to qualify for zero tariffs; it was 62.5% in NAFTA. USMCA also requires that 40 to 45% of auto manufacturing be done by workers who earn at least $16 an hour by 2023. Both provisions will force companies to shift supply chains as manufacturers reduce sourcing of parts from cheaper-labor destinations in Asia (and Mexico). These provisions will also raise the price of North America-manufactured cars,
making them less competitive at home and on international markets.

The new rules have forced Japanese automakers in particular to rethink strategies and approaches to the North American market. In some cases, they may change supply chains; in others, they could decide that some products aren’t worth selling in the US. Honda Motor Co. Executive Vice President Seiji Kuraishi explained the industry position when he revealed that “We will think of how to achieve the best allocation in the world.”

The Trade War Spillover

The world is awaiting the terms of the “phase one” trade truce reached between the US and China. (Despite all the attention, as this is being written, actual documents have not been released and the Chinese government has been conspicuously quiet about what it agreed.) Nonetheless, there has been a sense of relief following announcement of a deal. There is virtual unanimity among business strategists and economists that the trade war poses a significant risk for the global economy; Gita Gopinath, IMF chief economist, warned that global GDP would be cut by 0.6% as a result of the fight, adding that additional tariffs would increase the damage. The UN Economic and Social Commission for Asia and the Pacific (ESCAP) noted that for the first time in over a decade, Asia-Pacific economies’ trade in goods and services will decline by both volume and value.

The impact is uneven. The Asian Development Bank (ADB) noted in its 2019 Development Outlook Update that GDP expansion in developing Asia, while still strong, is anticipated to slow from 5.9% in 2018 to 5.4% in 2019, then increase to 5.5% in 2020, and the bank attributes part of the decline to the trade fight. (Another factor is a general slowdown in the US and Chinese economies, to which the trade war could also contribute). China experienced a 12% drop in exports in the first half of 2019, compared to the previous first six months of 2018, while exports from other developing Asian countries to the US rose by 10% over the same period. For example, Vietnam’s exports to the US were up 33%, while those of Bangladesh rose by 13%. ESCAP data shows export values from Australia, Japan, New Zealand, and South Korea estimated to decline by 6.9% in 2019; among developing nations as a whole, the fall will be a more modest 2.6%. The overall result is a net negative in economic terms, however, as Asia’s gains are less than China’s losses.

There is a second, less obvious but no less damaging, dimension to the trade war: the harm it does to the US role as the country leading and safeguarding an open trade system (or the perception of such). Trump has declared himself “tariff man” and insists that he will never relinquish that tool of economic statecraft. His unilateralism to ensure “fair trade” has had mixed success at best and, more worrying, inspired other countries to copy him. It has allowed Xi Jinping to argue that he is the status quo power when it comes to economic diplomacy, a case that is in fact hard to justify given China’s protectionist policies, but is nonetheless appealing to many (especially given their feelings toward the US president). Fortunately, other leaders have tried to fill the leadership vacuum; Japanese Prime Minister Abe Shinzo’s efforts are especially praiseworthy.

FOIP: Take Two

One of the criticisms leveled at the Obama administration’s pivot to Asia was that it appeared, the attempt to create a Trans-Pacific Partnership notwithstanding, to be more of a military than a multidimensional strategy. The same has been said for the Free and Open Indo-Pacific Strategy. In November, the State Department tried to remedy this by putting out its own report on A Free and Open Indo-Pacific: Advancing a Shared Vision. It describes a region in which “all countries prosper side by side as sovereign, independent states. That vision, shared with billions of people in more than 35 countries and economies, is based on values that have underpinned peace and prosperity in the Indo-Pacific for generations. Free, fair, and reciprocal trade, open investment environments, good governance, and freedom of the seas are goals shared by all who wish to prosper in a free and open future.” While the report focused heavily on trade, investment, and economic development, it pulled no punches when it came to China’s South China Sea territorial claims, noting that Beijing’s “maritime claims in the South China Sea, exemplified by the preposterous ‘nine-dash line,’ are unfounded, unlawful and unreasonable.” It also stressed the importance
of engagement with key allies and partners like Japan, South Korea, and India, while further noting that “We are committed to upholding a free and open Indo-Pacific in which all nations, large and small, are secure in their sovereignty and able to pursue economic growth consistent with international law and principles of fair competition.”

Meanwhile, as official strategy documents continue to talk about the centrality of US alliances as the foundation of any Indo-Pacific strategy, Trump keeps tweeting about the need for four-fold (or more) increases in host nation support from Korea and Japan as the price for keeping US boots on the ground. It’s no wonder US allies in Asia (as elsewhere) remain concerned about Washington’s true commitment to the region.

The first few months of 2020 may well set the tone for the year to follow: negotiations over the US force presence will make plain Trump administration thinking about the value of alliances while the US–China trade deal will demonstrate its commitment to genuinely trying to reform Chinese economic policies. Of course, there is always the prospect of unexpected developments reshaping the narrative—as the world was reminded during the first week of the new year, with the crisis between the US and Iran. With impeachment and an election looming in the US, it promises to be a busy and difficult year.
Sept. 2, 2019: South Korean President Moon Jae-in meets Thai Prime Minister Prayut Chan-o-cha in Bangkok. They agree to “expand bilateral partnerships to high-tech sectors in response to the fourth industrial revolution.”

Sept. 2–6, 2019: Inaugural ASEAN–US Maritime Exercise begins in Thailand and finishes in Singapore, including eight warships, four aircraft, and more than 1,000 personnel from the US and all 10 ASEAN countries.

Sept. 3, 2019: Malaysian Prime Minister Mahathir Mohamad visits Cambodian Prime Minister Samdech Techo Hun Sen in Phnom Penh. They sign agreements “to boost bilateral trade, investment and tourism.”

Sept. 2–4, 2019: Chinese Foreign Minister Wang Yi visits North Korea and meets Foreign Minister Ri Yong Ho. The meeting is described as “an important follow-up step to implement consensus at the highest level between our two parties and countries and to advance bilateral relations.”

Sept. 4, 2019: Indian Prime Minister Narendra Modi meets Russian President Vladimir Putin in Vladivostok on the sidelines of the Eastern Economic Forum. They agree to establish “joint development and production of military equipment, spare parts and components as well as improving the system of after sales services.” Modi also offered a $1 billion line of credit to Russia to develop its Far East.

Sept. 4, 2019: South Korean President Moon meets Myanmar State Counselor Aung San Suu Kyi in Nay Pyi Taw.

Sept. 5, 2019: Japanese Prime Minister Abe Shinzo meets Putin in Vladivostok on the sidelines of the Eastern Economic Forum. They agree to “promote talks for the dispute over four Japanese-claimed, Russian-held islands off Hokkaido and the conclusion of a peace treaty.”


Sept. 5, 2019: Moon meets Laotian President Bounnhang Vorachit in Vientiane. They discuss elevating ties by Korea “investing more in various business sectors” in Laos.

Sept. 7, 2019: Pakistan hosts trilateral meeting of Chinese Foreign Minister Wang Yi, Afghan Foreign Minister Salahuddin Raabani, and Pakistan Foreign Minister Shah Mahmood Qureshi to discuss “trade, counterterrorism and an end to Afghanistan’s 18-year war.”

Sept. 9, 2019: Wang meets Nepalese Foreign Minister Pradeep Kumar Gyawali in Kathmandu.


Sept. 11, 2019: Kazakhstan President Kassym-Jomart Tokayev meets Chairman Xi Jinping in Beijing. They agree “to develop a permanent comprehensive strategic partnership.”


Sept. 16, 2019: Fijian Prime Minister Frank Bainimarama meets Australian Prime Minister Scott Morrison in Canberra. They sign “a comprehensive new partnership agreement covering security cooperation, trade, people-to-people links, greater multilateral cooperation, and increased connections between Australian and Fijian institutions.”
Sept. 16, 2019: Solomon Islands announces that it will switch diplomatic recognition to China. Taiwan responds by breaking diplomatic ties with the Solomon Islands.

Sept. 16–21, 2019: China, Russia, India, Kyrgyzstan, Kazakhstan, Tajikistan, and Uzbekistan conduct Center 2019 military exercise in Western Russia and Kyrgyzstan.

Sept. 16–21, 2019: Singapore, India, and Thailand conduct a joint naval exercise, beginning in Port Blair, India.

Sept. 17, 2019: ASEAN and the International Atomic Energy Agency (IAEA) sign Practical Arrangements “to promote cooperation in nuclear science and technology, applications, nuclear safety, security and safeguards.”

Sept. 18, 2019: South Korea revokes Japan’s preferential trade partner status.

Sept. 18, 2019: Chinese Premier Li Keqiang meets Putin at the Kremlin.

Sept. 19, 2019: New Zealand Prime Minister Jacinda Ardern meets Prime Minister Abe in Tokyo.

Sept. 20, 2019: Morrison visits US President Donald Trump at the White House. Morrison is the second world leader to be given a state dinner by Trump.

Sept. 19, 2019: Kiribati breaks diplomatic relations with Taiwan. Taiwan responds in kind.

Sept. 22, 2019: Modi meets Trump at a “Howdy, Modi!” rally in Houston.

Sept. 23, 2019: Pakistani Prime Minister Imran Khan meets Trump on the sidelines of the UN General Assembly.


Sept. 27, 2019: China restores diplomatic ties with Kiribati.

Sept. 27, 2019: Japan’s annual defense white paper places China above North Korea as the major threat to Japanese security for the first time.

Oct. 1, 2019: China unveils intercontinental strategic nuclear missile, Dongfeng-41 at the National Day military parade in Beijing.


Oct. 3, 2019: Philippine President Rodrigo Duterte meets Putin in Sochi. They agree to “strengthen their countries’ partnership in the fight against terrorism and enter into more economic cooperation.”

Oct. 3, 2019: Vietnam demands that China withdraw an oil exploration ship from an area in the South China Sea that is claimed by both countries.

Oct. 3, 2019: Malaysian telecoms giant Maxis agrees to buy 5G equipment from China’s Huawei Technologies.

Oct. 5, 2019: Officials from North Korea and the United States meet in Stockholm, but reach no agreement on future talks.

Oct. 7, 2019: Japan and the US sign a bilateral trade agreement. “The agreement will lead Japan to eliminate or reduce tariffs on an additional $7.2 billion of US food and agricultural products, according to the US Department of Agriculture.


Oct. 7, 2019: A North Korean fishing trawler collides with a Japanese patrol vessel in the Sea of Japan (East Sea), within Japan’s exclusive economic zone.

Oct. 9, 2019: Solomon Islands Prime Minister Manasseh Sogavare meets Premier Li Keqiang at the Great Hall of the People in Beijing. They sign bilateral agreements to increase cooperation in foreign affairs, economic technology, and education.
Oct. 9, 2019: Pakistani Prime Minister Imran Khan meets Xi in Beijing.

Oct. 11–12, 2019: Xi meets Modi in Mamallapuram, India. They agree to establish a new mechanism to discuss trade and resolve India’s trade deficit with China.

Oct. 13, 2019: Xi visits Nepal and meets President Bidhya Devi Bhandari and Prime Minister KP Sharma Oli. They agree on a trans-Himalayan railroad link extending from Tibet to Nepal.

Oct. 16, 2019: South Korea and Indonesia reach a preliminary trade agreement.


Nov. 2–4, 2019: The 35th ASEAN Summit, the 22nd ASEAN+3 Summit, and the 12th East Asia Summit are held in Bangkok along with various 10+1 meetings between ASEAN and its dialogue partners.

Nov. 4, 2019: India withdraws from the RCEP trade agreement.

Nov. 4, 2019: China announces 26 new measures to open its markets to Taiwanese firms and treat Taiwanese the same as Chinese.

Nov. 11, 2019: The 12th China–ASEAN Conference on People to People Friendship Organizations is held in Bandung, Indonesia.


Nov. 17, 2019: China sails its domestically built aircraft carrier through the Taiwan Strait as part of sea trials. In response, Taiwan scrambled ships and jets to monitor the carrier group.

Nov. 16–19, 2019: ASEAN Defense Ministers Meeting Retreat is held in Bangkok.

Nov. 17, 2019: Thai Prime Minister Prayut and US Defense Secretary Esper sign the US–Thailand Joint Vision Statement 2020, setting general areas of focus for defense collaboration.

Nov. 19, 2019: The US Senate passes the Hong Kong Human Rights and Democracy Act.

Nov. 19, 2019: Taiwan’s Ministry of Education welcomes university students fleeing turmoil in Hong Kong to attend lectures at colleges in Taiwan to continue their studies.

Nov. 20, 2019: India’s Strategic Forces Command test fires two Prithvi-II tactical surface-to-surface short-range ballistic missiles as part of its annual training to test the combat readiness of the missile forces.

Nov. 13–21, 2019: Indian and US militaries engage in Tiger Triumph, joint tri-service humanitarian assistance and disaster relief exercises in Andhra Pradesh, India.

Nov. 21, 2019: Tuvalu Foreign Minister Simon Kofe expresses support for Taiwan and reaffirms strong diplomatic ties. Kofe says that Tuvalu rejected offers from Chinese companies to build artificial islands.

Nov. 22, 2019: South Korea announces its decision to continue the General Security of Military Intelligence Agreement (GSOMIA) with Japan, just six hours before the agreement was to expire.

Nov. 24, 2019: Hong Kong votes in district-level elections. The pro-democracy bloc gains control over 17 out of 18 District Councils, and nearly 90% of the overall seats.

Nov. 25, 2019: Vietnam releases its 2019 defense white paper, launched in a ceremony led by Deputy Defense Minister Nguyen Chi Vinh.

Nov. 25, 2019: Prime Minister Abe meets Foreign Minister Wang in Tokyo.

Nov. 25–26, 2019: Busan hosts ASEAN–Republic of Korea Commemorative Summit, bringing together the leaders of South Korea and 10 Southeast Asian countries.
Nov. 26, 2019: Russia, China, and South Africa start trilateral maritime exercise off Cape Town.

Nov. 28, 2019: Malaysian Prime Minister Mahathir meets President Moon in Seoul and they agree to a strategic partnership.


Dec. 4, 2019: Kim Jong Un appears atop a white horse at Mt. Kumgang, hinting at a return to a more confrontational stance toward the US.

Nov. 23-Dec. 6, 2019: Bougainville voting lasts two weeks, and results in almost 98% voting in favor of independence from Papua New Guinea.

Dec. 10, 2019: South Korea and Australia meet in Sydney for “two plus two talks” to discuss joint efforts for regional security and other issues of mutual concern.


Dec. 13, 2019: Trump and the US Trade Representative announce a phase one trade deal with China.

Dec. 24, 2019: Leaders of China, South Korea, and Japan meet in Chengdu, where they express their mutual commitment to peace on the Korean peninsula, denuclearization, and a China-Japan-ROK free trade agreement. The meeting is Abe and Moon’s first in 15 months.

Dec. 27-30, 2019: China, Russia, and Iran conduct a four-day naval exercise in the northern part of the Indian Ocean and Gulf of Oman.

Dec. 31, 2019: North Korean state media quotes Kim Jong-un as saying North Korea is no longer bound by its nuclear and long-range missile testing moratorium.