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FOREWORD

When Joe Biden walks into the Oval Office on January 20 as the 46th President of the United States, he will have no shortage of advice on what his administration should do on foreign policy. He will also have the benefit of having assembled a first class national security team.

But President-elect Biden will also find a lot has changed in the four years since he was last in the White House. The Obama administration may have initiated a U.S. pivot to Asia, but Asia will by necessity dominate and define the foreign policy of the Biden administration.

Managing the U.S.-China relationship will loom large above all else. China especially has changed a lot in the last four years under President Xi Jinping’s leadership. Tensions in the South China Sea or over Taiwan are unlikely to simply dissipate, and concerns will linger about the Belt and Road Initiative. The challenge for the Biden administration is to be active on all these fronts, and establish a new framework of what I have called “managed strategic competition” – a combination of defined red lines, areas of continuing strategic competition, while also carving out areas of mutually beneficial cooperation. This includes on climate change, but also in areas of global public health beyond tackling the COVID-19 pandemic — such as the fight against cancer — and elsewhere, including to avoid a global sovereign debt crisis.

At the same time, North Korea’s nuclear program has not gone away. And it is even more important for the United States to be able to lean into and deepen its engagement with its friends and allies in Japan, India, Indonesia, and across South-east Asia, including via the region’s multilateral architecture and in reinvigorating global forums such as the G20. This is particularly important given the turbulence of the last four years under the Trump administration. The new administration’s trade policy must play a central role in all of this.

This series of short policy notes is not designed to add to the mountains of official and unofficial briefing material the new administration will be receiving on all of these topics. Instead, it is designed to put some creative new ideas on the table for how they might re-engage in the Asia Pacific in all of these areas, particularly in the first six months of the administration.

This series is also deliberately designed to reflect the views, perspectives, and expectations from the region itself. This is a key hallmark of the work of the Asia Society Policy Institute (ASPI), a think- and do-tank which the President-elect will also find has grown considerably since he was last in the White House. Since our establishment in 2015, ASPI is now consistently ranked amongst the top two percent of all think-tanks in the United States and the world.

I particularly commend my colleagues who have also been part of preparing these notes. This includes ASPI’s Vice Presidents, Wendy Cutler and Daniel Russel, plus Elina Noor who oversaw the entire production, as well as Anubhav Gupta, Nathan Levine, Richard Maude, Jing Qian, Alistair Ritchie, Morgan Speece, and Thom Woodroofe.

We hope these ideas will be insightful, practical and thought provoking. We also hope they will also be of some use to the new administration. I wholeheartedly commend them to you.

The Honorable Kevin Rudd
President & CEO, Asia Society
President, Asia Society Policy Institute
26th Prime Minister of Australia
ABOUT THE AUTHORS

Wendy Cutler is Vice President at the Asia Society Policy Institute (ASPI) and the managing director of the Washington, D.C. office. In these roles, she focuses on expanding ASPI’s presence in Washington and on leading initiatives that address challenges related to trade and investment, as well as women's empowerment in Asia. She joined ASPI following an illustrious career of nearly three decades as a diplomat and negotiator in the Office of the U.S. Trade Representative (USTR), including serving as Acting Deputy U.S. Trade Representative. In that capacity, she worked on a range of U.S. trade negotiations and initiatives in Asia.

Anubhav Gupta is Associate Director with ASPI in New York. He develops and coordinates ASPI's initiatives related to South Asia as well as West Asia. He also manages ASPI's communications, oversees ASPI's public events in New York, and contributes to ASPI's policy dialogues and other projects, including India and APEC, The China Dashboard, and Asia’s New Pivot. Previously, Anubhav worked for the Natural Resources Defense Council in San Francisco, where he focused on climate change and energy issues in India, as well as U.S. domestic water policy.

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Richard Maude is the Asia Society Australia’s inaugural Executive Director, Policy, and Senior Fellow, ASPI. Richard joined Asia Society after a 30-year career as an Australian diplomat and intelligence official. He is a former Deputy Secretary of the Department of Foreign Affairs and Trade, Director-General of the Office of National Assessments, and senior foreign policy adviser to Prime Minister Julia Gillard. Richard was head of the whole-of-government taskforce which supported the preparation of the Australian Government’s 2017 Foreign Policy White Paper.

Elina Noor is Director, Political-Security Affairs and Deputy Director, Washington, D.C. office at ASPI. A native of Malaysia, Elina focuses on security developments in Southeast Asia, global governance and technology, and preventing/countering violent extremism. Previously, Elina was Associate Professor at the Daniel K. Inouye Asia-Pacific Center for Security Studies. Prior to that, she was Director, Foreign Policy and Security Studies at the Institute of Strategic and International Studies Malaysia. Elina was a member of the Global Commission on the Stability of Cyberspace and is part of the Christchurch Call Advisory Network.

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ABOUT THE AUTHORS (continued)

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Kevin Rudd is President and CEO of the Asia Society, and concurrently, the inaugural President of ASPI. He served as Australia’s 26th Prime Minister from 2007 to 2010, then as Foreign Minister from 2010 to 2012, before returning as Prime Minister in 2013. As Prime Minister, Kevin led Australia’s response during the global financial crisis and ratified the Kyoto Protocol in 2007. He was also a driving force in expanding the East Asia Summit (EAS) to include the United States and Russia in 2010. Kevin is proficient in Mandarin Chinese. He remains actively engaged in indigenous reconciliation.

Daniel Russel is Vice President for International Security and Diplomacy at ASPI. He was a career member of the Senior Foreign Service at the U.S. Department of State, most recently serving as the Assistant Secretary of State for East Asian and Pacific Affairs. He also served at the White House as Special Assistant to the President and National Security Council Senior Director for Asian Affairs, where he helped formulate President Obama’s strategic rebalance to the Asia-Pacific region.

Thom Woodroofe is Senior Advisor on Multilateral Affairs to the President of ASPI. Among other responsibilities, Thom oversees a major political project focused on future U.S.-China climate cooperation. Prior to this, Thom worked as an Associate Director at Independent Diplomat, a non-profit diplomatic advisory firm supporting some of the world’s most marginalized countries and political actors. In this role, Thom helped the Marshall Islands play a key role in securing the Paris Agreement on climate change including through acting as an advisor to the country’s President and Foreign Minister, and then also led the firm’s work with Rohingya politicians and refugees from Myanmar.
# REBUILD HIGH-LEVEL U.S.-CHINA DIALOGUE

## ISSUE

The U.S.-China relationship is strategically adrift. This predicament is accentuated by the collapse of most mechanisms for U.S.-China dialogue by the Trump administration. However, while China is eager to quickly re-establish broad communication mechanisms under a Biden administration, this may not be advisable, given strategic and political realities. Instead, a more nuanced approach may be a better course.

## SIGNIFICANCE

Given China’s highly centralized top-down system, top-level communication is a requirement for substantive progress in U.S.-China relations. At all levels, gradual trust-building through sustained interaction and personal relationships is key to developing meaningful influence with Beijing. In the Obama administration, this occurred through the wide-ranging Strategic and Economic Dialogue (S&ED), as well as leader-level meetings like the 2013 Sunnylands Summit. But rushing to restore these formalized ties is no longer feasible, or necessarily helpful.

## EXPECTATIONS IN THE REGION

U.S. allies and partners would welcome a more stable U.S.-China relationship. But they remain wary of a U.S.-China “G2” that excludes their interests and would prefer a multilateral component to any bilateral dialogue. They also expect effective U.S. pushback on China’s increasingly assertive international behavior.

## DOMESTIC CONSTRAINTS/CONSIDERATIONS

Although no immediate “reset” of a government-wide S&ED seems politically feasible, cooperation on global issues of importance, such as climate change, is nevertheless expected.

## RECOMMENDED COURSE OF ACTION

Presidents Biden and Xi can begin by designating a trusted principal to develop a direct and authoritative line of communication. Despite other Trump administration failures, the productive relationship between Robert Lighthizer and Liu He affords an instructive model. Such individuals should be seen to have the full trust and backing of their presidents, use the channel to clarify red lines, while also exploring ways to manage the relationship. These meetings – virtual or in person – would benefit from being kept as small as possible (no more than a single table) and as private as possible (to avoid the risk of perceived winners and losers from each exchange). Over time, more such relationships could be established depending on progress, perhaps expanding into standing dialogues on specific issue areas. But initial progress in these private channels for laying the groundwork for a stable relationship should be a prerequisite for any leader-level meeting.
# Create a Contact Group on North Korea

## Issue
Multilateral negotiations with North Korea have repeatedly failed yet bilateral talks carry significant risks and limited prospects. For the United States, coordination with South Korea, China, Japan, and Russia is essential to presenting a unified front and applying pressure on North Korea.

## Significance
The Trump administration’s purely bilateral approach drove China into North Korea’s arms, marginalized South Korea, and alarmed Japan. The Bush administration’s Six-Party Talks encumbered the United States and gave undue influence to China, as the Talks’ convenor and chair. The Obama administration’s refusal to “talk for talk’s sake” did not stop North Korea from advancing its nuclear and ballistic missile program. Finding an effective “geometry” is a prerequisite for diplomatic progress.

## Expectations in the Region
As North Korea’s key neighbors, South Korea, China, Russia, and Japan believe that active engagement by the United States, including direct talks, is essential to managing or ultimately resolving the destabilizing threats on the Korean Peninsula. At the same time, however, they want a role in shaping possible outcomes and protecting their own interests.

## Recommendation
A “Contact Group” model may hold the most promise of combining the advantages of the Six-Party Talks process with the benefits of a bilateral channel. A Contact Group is an informal group of countries that meets to discuss and, where possible, coordinates policy. A core Contact Group comprising the United States plus North Korea’s four neighbors could help U.S. negotiators ascertain common ground, solicit input, and preview approaches to Pyongyang. This would avoid surprises and reduce incentives for key parties to play the spoiler. While sidestepping the gridlock of past multilateral efforts, Contact Group consultations could promote the possibility of a coordinated, if not collective, response. Moreover, the flexibility of a Contact Group could allow for the ad hoc inclusion of Mongolia, ASEAN, Australia, or the European Union to meet on the margins of the G20, East Asia Summit, or other multilateral meetings. Contact Group meetings could then occur with North Korea, or as observers to direct U.S.-North Korea bilateral talks.
As its diplomatic relations with Canberra have declined sharply since the spring of 2020, Beijing has waged a high-intensity punitive campaign by placing import restrictions on a growing list of Australian products. Australia is hardly the first country China has used its economic power against. Philippine banana exports, South Korean automotive and retail industries, and Japanese rare earths offer recent examples of Chinese trade retaliation against governments who have political disagreements with Beijing.

China continues to uses its massive trade leverage (what Xi Jinping has called its “gravitational force”) to enforce its political agenda and intimidate its critics. More specifically, Beijing's strategy is to pick off America's allies and to demonstrate to other nations the high cost of angering China.

U.S. allies and partners need the political assurance and policy reality of Washington's support when China imposes trade restrictions in response to actions Beijing disagrees with. However, some allies may also be wary about escalating tensions with China if they are seen to be involving the United States. Therefore, each situation may require a different response in coordination with partners.

The emergence of a strong bipartisan desire by Congress and the broader public to take a firm stand against Beijing means that early U.S. action to support America's allies and partners on the world stage is likely to be a popular and unifying proposition at home.

The Biden administration's opposition to China's targeting-by-trade tactic can be communicated forthrightly in early diplomatic interactions with senior Chinese officials. The Australia case can be cited as an obstacle to progress in the re-stabilization of U.S.-China relations. Concurrently, the United States should join Australia and others in calling out China at the World Trade Organization (WTO) for violating the letter and the spirit of the WTO including by joining in potential dispute settlement cases. The United States and the European Union did this with Japan over rare earths. This would demonstrate multilateral unity and signal to third countries that the United States has their back.
# COORDINATE WITH CHINA TO AVOID A GLOBAL SOVEREIGN DEBT CRISIS

## ISSUE
COVID-19 has caused sovereign debt to spike around the world. Governments have had to spend more to fight the virus and support workers and businesses even as tax revenues drop as a result of shutdowns. Developing countries are projected to spend more than $130 billion in debt service this year despite the moratorium on payments announced by the Paris Club and other lenders such as China, including through the G20’s Debt Service Suspension Initiative. Only low interest rates, monetary policy measures, and external interventions by the International Monetary Fund have helped avoid a global sovereign debt crisis thus far.

## SIGNIFICANCE
The World Bank estimates that in Asia alone 11 million additional people will be plunged into extreme poverty as a result of COVID-19. A sovereign debt crisis would compound this problem and upset prospects for a return to global growth as vaccines become available.

## EXPECTATIONS IN THE REGION
Asia will be looking to the United States and China as the world’s two largest economies to help avoid a sovereign debt crisis. As the world’s largest creditor, it is surely in China’s interest to avoid such a crisis.

## DOMESTIC CONSTRAINTS/CONSIDERATIONS
There are already growing concerns within China about the amount of tax revenue being directed towards overseas lending, including as problems with banking persist at home. This could help provide the domestic political impetus for China to cooperate with the United States on the issue. But at the same time, anti-Chinese sentiments in the U.S. Congress are so intense that this creates political headwinds that will need to be carefully navigated by the new administration.

## RECOMMENDED COURSE OF ACTION
The United States could identify tackling global sovereign debt in the post-COVID era as a key area for cooperation with China. If China is willing to come to the table and address concerns over its lending practises, then the United States could pledge to support China becoming a member of the Paris Club. This would provide a useful and permanent mechanism for China to engage with other creditors, and could be particularly important with the G20’s Debt Service Suspension Initiative currently set to expire in April 2021.
SAFEGUARD ENERGY COMPETITION IN THE SOUTH CHINA SEA

| ISSUE | A Southeast Asian foreign minister privately described China’s position on maritime resources as “what’s mine is mine and what’s yours is negotiable.” China’s push for joint development in its neighbors’ EEZs bears this out. More troubling is that Beijing’s definition of “what’s mine” is still based on the legally bankrupt claim of a “nine-dash line”, categorically rejected in a binding decision by the Law of the Sea Tribunal. The South China Sea contains immense gas and oil reserves. But Chinese threats and pressure have led international oil companies to back out of offshore development activities. Today, the only non-Chinese oil company operating in Southeast Asia is ExxonMobil, now weighing a decision whether to proceed with its “Blue Whale” investment in Vietnamese waters. Although the drilling site is outside the “Nine-Dash Line,” the company is thought to be hesitant to proceed in the face of Chinese opposition. |
| SIGNIFICANCE | By scaring off international oil companies, China is making its champions the only game in town for energy development. A coercive monopoly gives China a disproportionate share of the region’s resources even without recourse to military action. |
| EXPECTATIONS IN THE REGION | Renewed engagement by major U.S. and international oil and gas companies – in commercially viable arrangements with Southeast Asia partners – would bolster the confidence, negotiating leverage, and energy security of the region’s coastal nations. |
| RECOMMENDATION | The Biden administration might do well to assemble a working group that combines defense, legal, and national security officials from relevant government agencies (including the Pentagon) with private sector representatives from the oil and gas and the insurance industries. The goal would be to hammer out terms giving energy companies enough cover and confidence to compete for exploration and production-sharing deals in the South China Sea, giving Southeast Asian countries viable commercial options. Elements of a program could include a clear U.S. declaratory policy on harassment of American companies, diplomatic and other backup in the region, and adequate risk insurance provisions. Additionally, European, Canadian, and other nations whose companies have been chased out might be candidates for broader international collaboration in securing a level drilling field. |
Under the Bush and Obama administrations, the Major Economies Forum on Energy and Climate Change (MEF) brought together 17 of the world’s largest economies responsible for over 80 percent of global emissions. This gathering played a key role in the lead-up to the Paris Agreement. In the Trump administration’s absence, the European Union (E.U.), China, and Canada established a similar gathering called the Ministerial on Climate Action (MoCA) to effectively take its place.

A key pillar of President-elect Biden’s foreign policy involves rallying other countries to enhance their own climate ambition in the lead-up to the U.N.’s COP26 Climate Conference in November 2021. Many of the greatest holdouts remain the highest emitting countries.

China will likely be wary of the United States unilaterally reconstituting the MEF given their own recent efforts with the European Union and Canada. At the same time, a forum for more focused discussion amongst the big emitters on achieving deep decarbonization would be helpful for Asian powers like China, Japan, and South Korea which recently adopted mid-century pathways to zero emissions. There will likely be appetite from China and elsewhere to engage if there is a willingness from the United States to consider the best format for such a gathering.

Despite expected constraints by the Senate, it will be in the U.S. interest to continue to prioritize international leadership including by demonstrating the need to do more at home. At the same time, the optics and avenues for cooperating on climate change with China will need to be carefully managed, so as not to appear that trade-offs are being made.

A Biden administration could jointly host with the European Union and China a hybrid version of the MEF and MoCA on the sidelines of the U.N. General Assembly in 2021. Its membership could be modelled on the G20, but it should meet separately and with a handful of other carefully chosen countries. While this may mean ceding some control over the agenda, it will help establish a more realistic channel for bilateral and multilateral cooperation with China.
## INITIATE A U.S.-EAST ASIA CLIMATE CHANGE WORKING GROUP

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<th>ISSUE</th>
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<tr>
<td>In recent months, China, South Korea, and Japan, representing one-third of global carbon emissions have committed to net-zero long-term emission goals. China and South Korea will also have two of the three largest carbon emissions trading systems (ETS) in the world, following the imminent launch of China's national ETS. There is significant scope for technical, economic, and policy alignment with East Asia given the Biden administration's plan for net-zero emissions, support for elements of a Green New Deal, and the U.S.' track record in successful state-level carbon pricing policies.</td>
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<th>SIGNIFICANCE</th>
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<td>Cooperation with these countries – which are among the United States' top six trading partners – would address nearly half of global carbon emissions. It will also provide a valuable platform to boost the global realization of the Paris Agreement goals through more effective domestic policies, including the forthcoming Nationally Determined Contribution under the Paris Agreement, and restore credibility to U.S. international leadership on climate.</td>
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<th>EXPECTATIONS IN THE REGION</th>
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<td>East Asia will be especially interested to extend their climate cooperation with the United States and also to learn from the experience and plans of leading U.S. companies, such as Google and Apple, committed to net-zero or 100 percent renewables.</td>
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<th>DOMESTIC CONSTRAINTS/CONSIDERATIONS</th>
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<td>Cooperation with major East Asian trading partners to promote a level playing field, including effectively making the business case for climate policy, could help alleviate domestic concerns about trade competitiveness impacts.</td>
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<th>RECOMMENDED COURSE OF ACTION</th>
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<td>The United States could convene a senior-level meeting with the industry, energy, and environment ministries of China, Japan, and South Korea and establish a U.S.-East Asia Climate Change Working Group within the first half of 2021. Such a gathering could identify specific topics for cooperation such as emissions trading systems and implementation of Article 6 of the Paris Agreement as the basis for developing a work plan. A series of projects could subsequently be launched.</td>
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The failure to lead an international collaboration on containing COVID-19 was a huge missed opportunity for the United States. However, leading a multilateral coalition on cancer, which kills nearly 10 million people globally every year, would present an opportunity for the United States to reclaim global leadership on public health and fulfill the ambitious goals of the 2016 White House Cancer Moonshot initiative. It would also provide a stabilizing platform for the United States and China to cooperatively focus on a common global good – public health.

The 2016 White House Cancer Moonshot initiative was inspirational and received strong support from a wide range of stakeholders. But the journey remains unfinished. Moonshot 2.0, a multilateral effort, would build upon the earlier initiative by adding the missing ingredient – international cooperation, where the United States can lead the establishment of a global standard.

The region would welcome a harmonized regulatory framework for international clinical trials on cancer treatment drugs and a United States willing to take the lead. There is strong consensus to support public-private collaboration among leading stakeholders in academia, government, as well as the pharmaceutical and biotechnology industries in the United States, China, and the rest of Asia.

Since ongoing clinical trials involving patented resources are already transparent and highly regulated, intellectual property (IP) concerns are minimal. As an added measure, IP protection in preclinical settings could be prioritized.

Within the first 100 days, announce Moonshot 2.0, an international and multilateral initiative to fight cancer. The Biden administration could use Project Orbis, a highly regarded initiative of the U.S. Food and Drug Administration (FDA) Oncology Center of Excellence, to institutionalize a collaborative regulatory framework for cancer clinical trials. A limited confidentiality agreement between the United States and China could help facilitate immediate substantive regulatory collaboration between the FDA and China’s National Medical Products Administration (NMPA). This agreement could also remove a major hurdle to international cancer collaboration by FDA leading the establishment of a global standard for drug development and approval for cancer.
How can the United States and Taiwan expand cooperation and bolster Taiwan's international engagement without violating America's “One China Policy” or running afoul of Beijing's self-declared “core interest”? Beijing blocks Taiwan's participation in most international fora. Increasing the tempo of senior U.S. government visitors to Taiwan carries various risks and garners provocative press attention.

A flourishing democracy and a leader in technology, Taiwan has significant contributions to make in regional and international affairs. These include issues such as public health, trade and investment, climate change, natural disaster relief and resilience, women's empowerment, and cutting-edge technologies.

Many Asia-Pacific nations want to strengthen ties and benefit from what Taiwan can offer but fear retribution from Beijing. They generally welcome U.S. support for Taiwan's international engagement as long as it is does not raise tensions with the People's Republic of China.

While many in Congress will continue to push for deeper engagement, Congress will support steps by the Biden administration to expand cooperation with Taiwan and will criticize any perceived weakening of U.S. backing.

The Biden Administration can build on the COVID era's reliance on video-conferencing to establish a robust set of economic, social and environmental issue-specific dialogues between U.S. and Taiwan agencies. These video dialogues (some of which can be conducted over classified systems) can then form the basis for multi-party video conferences among Washington, Taipei, and any number of like-minded countries. These conferences should be conducted discreetly, not flaunted. They can serve as platforms for further bilateral work, as well as policy and operational coordination on the above-mentioned issues. They also can allow Taiwan input and readouts on international meetings from which it has been excluded.
The overwhelming unmet need for infrastructure financing across Asia is made more urgent by health and climate-resilience priorities. Pre-COVID-19, the Asia Development Bank assessed that Asia needed infrastructure investment totaling $26 trillion by 2030. Between 2016 and 2020, that infrastructure shortfall was calculated at 2.4 percent to 5 percent of projected GDP. Government reforms across Asia are expected to account for only up to 40 percent of the region’s infrastructure gap, requiring significant private capital to make up the rest. Long-term infrastructure financing would benefit from increased public-private partnerships (PPP) and strong, operational support from multilateral development banks (MDBs).

China’s Belt and Road Initiative (BRI) attempts to address a portion of this infrastructure funding shortfall. However, BRI investments were estimated at just slightly more than $1 trillion over a 10-year period from 2017. Additionally, although a number of BRI projects have proven highly controversial, no other country – individually or collectively – has proposed a comparable alternative at scale.

With many participating in BRI projects, regional countries would also strongly welcome diversified sources of infrastructure investment.

The infrastructure gap for the United States, itself, is forecasted at $3.8 trillion gap. Meeting these long-postponed investment needs at home in the backdrop of a pandemic and an economic downturn will prove more urgent.

The new Administration can move quickly, in partnership with other G20 economies, to enhance the capitalization of the World Bank and the regional multilateral development banks. This would provide the groundwork for infrastructure investment, blended finance with the private sector, drawing on the deep experience and knowledge reserve of MDBs in project assessment. The United States could convene a public-private G20 to explore the feasibility and design of such a platform. Modeled on Africa50, an Asia-focused platform could be supported by one or more MDBs aimed at combining public sector investment with private sector funding.
The United States has hosted the Asia-Pacific Economic Cooperation (APEC) forum twice since it was established in 1989; the first time in 1993 when it was elevated to the leaders’ level by President Clinton and again in 2011 under President Obama. New Zealand hosts in 2021, followed by Thailand in 2022.

An expression of interest by the Biden administration in hosting APEC would send an important signal to the region that “we are back.” It provides an opportunity for the United States to advance a host of regional initiatives in diverse areas such as trade and investment, climate, women’s empowerment, and pandemic cooperation.

The Asia Pacific is looking for concrete manifestations by the United States of its commitment to engage in the region. Hosting APEC could be one such tangible demonstration.

With its Economic Leaders’ meeting, numerous meetings of ministers and officials throughout the year, hosting APEC requires a significant financial layout.

The Biden administration could express interest in hosting APEC by 2024, while encouraging Japan and Australia to do so in subsequent years in an effort to provide continuity to the organization’s work in line with shared objectives by the United States and its partners.
## RECONSIDER STEEL AND ALUMINUM TARIFFS

<table>
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<tr>
<th>ISSUE</th>
<th>In March 2018, the United States imposed tariffs on national security grounds on imports of steel and aluminum from a wide range of countries, including China, Japan, Thailand, India, and Indonesia. South Korea agreed to a restrictive steel quota. These tariffs continue to be controversial both domestically and internationally, with five countries, including China and India, cross-retaliating against U.S. imports of agricultural and other goods.</th>
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<tr>
<td>SIGNIFICANCE</td>
<td>The steel and aluminum tariffs have strained U.S. relations with many countries, particularly allies and partners, who consider the national security rationale for these tariffs insulting and inappropriate. Moreover, the tariffs have not achieved their objective of addressing the core problem in these sectors – namely, Chinese overcapacity. U.S. industries consuming steel and aluminum, particularly the automotive sector, are now paying prices between 10 and 22 percent higher than the global average, making their final products less competitive. As a result of the tariffs, the U.S. manufacturing sector shed an estimated 75,000 jobs between 2018 and 2019, not counting additional losses among U.S. exporters facing retaliatory tariffs. Economists place the tariffs' total additional cost to the economy at $11.5 billion a year.</td>
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<tr>
<td>EXPECTATIONS IN THE REGION</td>
<td>U.S. allies and partners are looking for these tariffs to be lifted as an early sign of goodwill from the Biden administration. They view such action by the United States as an important way to help get relations back on track after four tumultuous years.</td>
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<tr>
<td>DOMESTIC CONSTRAINTS/CONSIDERATIONS</td>
<td>The U.S. steel industry and workers, largely located in key swing states, support the steel tariffs. The views of the aluminum industry are mixed.</td>
</tr>
<tr>
<td>RECOMMENDED COURSE OF ACTION</td>
<td>As a first and immediate step, the United States should suspend the steel and aluminum tariffs for our allies and partners in exchange for an agreement with those countries to monitor exports, implement anti-circumvention measures, and join the United States in seeking a multilateral solution to Chinese overcapacity in these two sectors. Once the above actions kick in, the United States should consider permanently lifting the tariffs for allies and partners, including the quota arrangement with South Korea.</td>
</tr>
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</table>
The United States and Japan agreed to launch “phase two” trade negotiations last May, to build on the partial deal reached in late 2020. This new stage of talks, however, was never initiated under the Trump administration due to COVID complications, coupled with lack of urgency by both sides. In the meantime, the list of regional and global trade issues where the United States and Japan could jointly make a significant impact has grown.

Bilateral cooperation on regional and global issues can help lead the Asia Pacific advance a market-based economic model to counter Beijing’s state-led approach, and help revitalize the World Trade Organization (WTO) at a time when its relevance is diminishing rapidly.

Japan reluctantly agreed to a bilateral phase one trade negotiation with Washington, hoping that the United States would return to the Trans-Pacific Partnership/Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP/CPTPP). Tokyo remains strongly interested in luring the United States’ return to this 11-country pact and would undoubtedly welcome a shift from bilateral negotiations to regional/global cooperation.

Certain U.S. industries, including pharmaceuticals, express and financial services, and rice and dairy farmers, are seeking improved access to the Japanese market through a phase two U.S.-Japan negotiation. However, improved market access could be pursued absent a comprehensive agreement.

The United States and Japan could pursue remaining market access concerns through existing bilateral channels, not a phase two negotiation. This would allow Tokyo and Washington to focus their efforts on reining in state-led unfair trade practices, writing the regional rules for the digital economy and advanced technologies, reforming the WTO, establishing regional secure supply chains, and coordinating on export controls on sensitive technologies. A strong U.S.-Japan relationship could also help revive the Asia-Pacific Economic Cooperation (APEC) and provide building blocks for the United States to rejoin the TPP, should it wish to do so.
## INSTITUTE A U.S.-INDIA DIGITAL COOPERATION DIALOGUE TRACK

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>The global digital arena is becoming increasingly fractured and contentious. Competing rules, standards, and norms threaten to bifurcate the Internet, undermine innovation, and stifle the digital economy. As the world’s largest democracy, India’s dynamic technology landscape and recent decisions on Huawei, ZTE, and Chinese applications make it a natural strategic partner for the United States to advance digital cooperation on a shared set of rules.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGNIFICANCE</td>
<td>In order for the United States and India to maximize their combined technological leadership potential, both countries will have to manage their differences on data governance. There has been little progress at the highest multilateral levels to address this specific issue. Japan’s effort at the 2019 G20 leaders’ summit – the Osaka Declaration on the Digital Economy – did not gain support from some key countries, including India.</td>
</tr>
<tr>
<td>EXPECTATIONS IN THE REGION</td>
<td>Apart from India and Indonesia, the other Asian G20 states supported the Osaka Declaration. There is therefore a range of perspectives in the region. If the United States and India could craft a consensus template for digital rules, it would likely address the varied concerns of developed and developing economies in the digital space and make regional progress more likely.</td>
</tr>
<tr>
<td>DOMESTIC CONSTRAINTS/CONSIDERATIONS</td>
<td>India has alarmed U.S. technology and financial companies through some of its proposed rules on data localization and e-commerce. These are driven in part by privacy and data safety concerns, and by a desire to promote domestic digital industrialization. This is a critical time for the United States to share its concerns because India is in the midst of shaping its digital regulatory framework. India’s views may also change following the deepening of the geo-political split with China following the border clashes of 2020.</td>
</tr>
<tr>
<td>RECOMMENDED COURSE OF ACTION</td>
<td>Institute a bilateral dialogue track focused on digital cooperation, with the objective of identifying shared standards for cross-border data flows. The United States could convene a formal dialogue in 2021 involving public and private sector representatives to identify gaps to be bridged. The United States and India could then advance a consensus framework in other bilateral engagements and multilateral forums. If successful, India could push for an adapted Osaka Declaration at the 2022 G20 summit, while it holds the presidency.</td>
</tr>
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## ENCOURAGE INDIA’S MEMBERSHIP TO THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC)

### ISSUE
On November 14, 2020, 15 economies signed the Regional Economic Comprehensive Partnership (RCEP) without India, which withdrew from negotiations in late 2019 due to its reluctance to further open its market. This left Asia’s third largest economy and a critical U.S. partner on the outside looking in on the region’s three most important trade groupings – RCEP, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Asia-Pacific Economic Cooperation (APEC).

### SIGNIFICANCE
A robust Indian economy can be a regional bulwark, providing a democratic, rules-affirming counterpoint to Beijing and a partner to Washington in advancing security and prosperity. India has previously shown interest in APEC and its participation would help socialize its policymakers and businesses to best practices that will improve competitiveness, open it markets, and promote access to global value chains, particularly in the aftermath of COVID-19.

### EXPECTATIONS IN THE REGION
Despite disappointment at India’s withdrawal from RCEP, there remains a desire in ASEAN and countries like Japan to integrate India into the regional economic fold, in part to better access India’s market and investment opportunities. As the sole member of the South Asian Free Trade Agreement that also has an ASEAN + 1 free trade agreement, India also represents a gateway to other South Asian markets. At the same time, trade officials in many Asian countries are concerned that India may play an unconstructive role in APEC, like it has in the World Trade Organization (WTO), by blocking initiatives that are aimed at opening markets and integrating economies. Finally, a move to welcome India in APEC will probably give rise to other APEC members wanting to open the doors to membership for the remaining ASEAN countries, other Latin American countries, and Pakistan.

### DOMESTIC CONSTRAINTS/CONSIDERATIONS
The U.S.-India commercial relationship has been constrained by India’s protectionist tendencies, which have played out negatively in the the WTO. American firms may not support Indian APEC membership without some concrete demonstration of its support for open markets for trade and investment. That said, there is tremendous public and bipartisan support for stronger ties with India.

### RECOMMENDED COURSE OF ACTION
The United States could work with the 2021 APEC host, New Zealand, to tee up the question of Indian APEC membership for the November leaders’ meeting. At the same time, it can work with India on concrete steps it could take before November to demonstrate its commitment to open markets.
# REENGAGE SOUTHEAST ASIA

## ISSUE
The United States’ presence in Southeast Asia has diminished over the last four years – key ambassadorial posts have been left unfilled, the U.S. president has not attended Association of Southeast Asian Nations (ASEAN) summits in the past three years, and senior official messaging has overwhelmingly focused on China as a threat. Additionally, the United States has been unresponsive to the region’s immediate priority of pursuing safe and effective COVID-19 vaccines, dismissing international collaborative efforts and ceding leadership during a global health emergency.

## SIGNIFICANCE
The decline of U.S. influence in Southeast Asia has accelerated over the past four years despite widespread unease in the region about China’s geo-political ambitions. Southeast Asia’s concerns over rising U.S.-China tensions have been exacerbated by U.S. trade policies, political rhetoric, and neglect of regional institutions. The absence of the U.S. president at three consecutive ASEAN summits has undermined U.S. declarations of support for ASEAN centrality. It has also been symbolically glaring in a region that values the importance of simply showing up.

## EXPECTATIONS IN THE REGION
Southeast Asia is looking for indications that the United States remains interested in cooperating with the region multilaterally on matters of mutual urgency, especially in pandemic management and recovery.

## DOMESTIC CONSTRAINTS/CONSIDERATIONS
In-person travel to/from the region may face continued COVID-related constraints, complicating meaningful reengagement.

## RECOMMENDED COURSE OF ACTION
After the right diplomatic spadework, the Biden Administration could invite Southeast Asian leaders to a special summit in the United States as happened in 2016. The Administration could also move quickly to fill the ambassadorial posts in Southeast Asia left vacant for long periods by the Trump Administration. President Biden’s attendance at the East Asia Summit in November 2021 would help repair the damage to U.S. standing caused over the last few years. Beyond the pledge to share U.S. vaccine technology, the Biden administration could also make a substantial financial contribution to Gavi’s COVID-19 Vaccines Advance Market Commitment (COVAX) facility. Finally, rather than continued criticism of China, the United States could substantially ramp up assistance for economic recovery in Southeast Asia, the region’s highest priority.
### ISSUE
The U.S.-Indonesia relationship has fallen into abeyance since ties were elevated to a Strategic Partnership in 2015. Indonesian perceptions of the United States have deteriorated, bilateral trade relations have long remained stagnant, and U.S. overtures to Indonesia in the past year have been heavily defense-weighted and focused on China. With scant attention paid to rounding out the rest of the relationship, resetting U.S.-Indonesia ties in the immediate term will require a foundational gesture of goodwill.

### SIGNIFICANCE
Indonesia is the world’s third largest democracy, fourth most populous nation, 10th largest economy by purchasing power parity, and the only Southeast Asian country in the G20. It is also home to the largest Muslim population in the world. Indonesia is therefore critical to the stability of the Asia Pacific and an important gateway partner to the Association of Southeast Asian Nations (ASEAN) region for the United States.

### EXPECTATIONS IN THE REGION
Multiple polls point to a downslide in America’s image among Indonesians over the last four years because of the Trump administration’s policies. Indonesians will be looking for initial signs that the United States is interested and willing to reset this relationship in a broad-based manner. At the same time, other allies and partners in Southeast Asia will also be assessing their place on the U.S.’ priority list, by comparison.

### RECOMMENDED COURSE OF ACTION
The Biden administration could designate Barack Obama as a special presidential envoy to Indonesia. Obama’s childhood years in Indonesia and personal ties there continue to be a meaningful touchpoint for many Indonesians. Obama’s engagement with different sectors of Indonesian society could start virtually. As soon as it becomes safe again to travel and meet in person, arrange for him to take a week-long “reset” trip around Indonesia for outreach to government, industry, and civil society representatives. This trip could coincide with a special Young Southeast Asian Leaders Initiative (YSEALI) Summit held in Indonesia.
### ISSUE

Amid U.S.-China tensions, territorial disputes, and growing transnational challenges, a stronger framework for enhancing security and building trust in the Asia Pacific is more necessary than ever. Many regional states have been alienated by the harsh nature of both U.S. and Chinese statements on the region's future and the increasingly binary nature of the strategic environment that they are operating in. They have also expressed a reluctance to take public sides in the U.S.-China rivalry. This in turn limits what the United States can achieve on a bilateral basis with many regional states. A more networked approach to regional security based on existing institutions like the East Asia Summit (EAS) could be more successful as a strategic complement to U.S. alliance-based security arrangements.

### SIGNIFICANCE

Bolstering a solid security architecture in the Asia-Pacific will require increasing levels of trust- and confidence-building measures among regional actors, large and small. Centering these efforts on the ASEAN-led mechanisms, particularly the EAS, will emphasize America’s commitment to regional multilateralism, dilute head-to-head confrontation between Washington and Beijing, and reassure Southeast Asian countries that the United States values ASEAN centrality.

### EXPECTATIONS IN THE REGION

U.S. partners in the region have been alienated by the Trump administration’s unilateral and bilateral approach, and felt increasingly pressured into having to ultimately choose sides as a result of eroding trust between the United States and China. Regional states would strongly prefer a participatory, multilateral approach to security that is inclusive of their interests and responsive to their concerns. This is also more likely to enable them to participate in enhanced security arrangements with the United States.

### DOMESTIC CONSTRAINTS/CONSIDERATIONS

While time and attention will be at a premium in the first year of the Biden administration, committing to “show up” at the region’s important multilateral fora will be critical to rebuild trust and confidence. That includes the Asia-Pacific Economic Cooperation forum and the EAS.

### RECOMMENDED COURSE OF ACTION

Brunei, as the 2021 ASEAN Chair, could collect nominations from the EAS’ eight non-ASEAN member states to form an advisory non-governmental Eminent Persons’ Group (EPG) to propose concrete regional confidence-building measures, building on the success of existing bilateral arrangements. This EPG could convene with leaders at the EAS in November 2021, which Biden would be expected to attend. The *Asia Society’s 2017 policy paper* on the future of the regional security architecture is a useful conceptual and policy basis for such an initiative.
During the 2008/9 financial crisis, the G20 provided a crucial mechanism to coordinate an international response. Under the Trump administration, the G20 machinery has been undermined and has largely failed to play a meaningful role in response to COVID-19. At the same time, other global problems have also gone unaddressed by the G20.

The G20 brings together 90 percent of the global economy, 80 percent of worldwide trade, and two-thirds of the world’s population. It also has a balance of developed and developing countries with representation from every major region of the world. The G20 provides a platform for leaders breaking through the many grid-locks that have emerged in the World Trade Organization (WTO), International Monetary Fund (IMF), or the United Nations Framework Convention on Climate Change or the United Nations more broadly. It should be used as a high-level political and diplomatic mechanism, to unlock these institutions and prevent them from falling into disuse.

The G20 is the one forum of global governance where the Asia Pacific’s voice is well represented. The presence of China, India, Japan, South Korea, and Australia means that the region accounts for a quarter of the seats around the decision-making table.

The G7 is often seen as an attractive alternative to the G20, but is essentially a trans-Atlantic gathering. Admittedly, the G20 operates largely on consensus, which allows countries like Russia or China opportunities to block initiatives. However, the upcoming G20 presidencies of Italy in 2021, Indonesia in 2022, and India in 2023 offer prospects for greater coordination of efforts.

The Biden administration could work with the Italian G20 Presidency to convene a special G20 summit in the first half of 2021 on COVID-19. Italy, along with Indonesia, as 2022 Chair, could join a push for further special sessions to advance discussions on WTO reform, on IMF reform, and on ways to kick-start a green global recovery and accelerate the transition to a decarbonized economy.
The Biden administration’s emphasis on America’s return to multilateralism, democracy-promotion, and the China challenge would all be well-served by an early first trip to major democratic (i.e. “D10”) capitals across several continents. This trip, to be undertaken by the Secretary of State as the U.S.’ chief diplomat, could jump start the process of coordinating on urgent, shared international priorities, including pandemic recovery and climate change.

First visits by a new U.S. administration carry symbolic value and are carefully watched around the world for clues about the administration’s priorities. This multi-stop trip would signal the strategic importance the United States places on its relations with allies and democratic partners. Further, it would concurrently highlight the United States’ recommitment to diplomacy, multilateral cooperation, and democratic values, while substantiating the promise that, “America is back.”

Many countries, especially close partners in Asia, have high hopes and expectations for quick engagement by the Biden administration. Japan’s Prime Minister Yoshihide Suga, for example, is seeking to meet Biden for a summit as early as February. The European Commission and the European Union High Representative have also already proposed early engagement with the United States on a new trans-Atlantic agenda for global change. A multi-stop visit by the Secretary of State would be warmly welcomed.

Early and extended travel by President Biden seems unrealistic and COVID restrictions will complicate a Blinken trip as well. The new administration will not have concluded most policy reviews, making this more of a “listening tour.” And important U.S. equities in other countries and regions will complicate this apparent prioritization of relations with Asia and Europe.

The Biden administration has an opportunity to launch U.S. foreign policy engagement with a bold step: a sweeping first trip by the Secretary of State through D10 capitals. Such a multi-stop trip soon after the inauguration would meet the expectations of multiple eager partners and showcase America’s return to more respectful and collaborative diplomacy. It would also signal to China that the democracies of the West and the East are aligning in support of a rules-based order and cooperating in a response to urgent global crises.
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