

ASPI NOTES

for the Trump
Administration



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FOREWORD

Since the first Trump administration took office in 2017, global trends such as deglobalization, multipolarity, and regional realignment have intensified. The COVID-19 pandemic and Russia's war in Ukraine have exposed vulnerabilities in the international system, while emerging technologies and economic security have strained social cohesion and intensified economic competitiveness. The world faces growing complexity marked by disinvestment, hedging, and shifting power dynamics.

As the incoming Trump administration begins its term, the policy landscape is dominated by heightened U.S.-China strategic competition, with both nations prioritizing security and strategic advantage over cooperative engagement. Traditional structures, including the U.S. alliance system, are under pressure to deliver greater value. New, often ad hoc alignments are being forged as nations scramble to manage uncertainty.

In this context, Asia's strategic importance is paramount. This briefing outlines how the United States can align new priorities with the region's needs to secure its economic and security interests while fostering innovation and competitiveness in a rapidly evolving global order.

These recommendations are designed to help policymakers redefine and advance U.S. interests in the evolving strategic landscape. They address Donald Trump's—priorities in international trade, technology competitiveness and more equitable defense contributions—with actionable, specific, and practical steps designed for swift implementation by the incoming administration.

I thank the authors, who direct our programs and research agenda, for their expertise and creative ideas; I especially thank our vice presidents, Danny Russel and Wendy Cutler—two veteran U.S. officials—for shaping these recommendations realistically.

I hope this briefing book elicits your strong reactions. Only by having in-depth conversations on our policy assumptions and priorities can we come to a consensus on how the United States should support our interests at home and abroad in the twenty-first century.

Rorry Daniels

December 7, 2024

CREATE A DEPUTY NATIONAL SECURITY ADVISOR ON ECONOMIC SECURITY

<p>ISSUE</p>	<p>Despite prioritizing economic security, the U.S. government’s response to these emerging challenges has been largely fragmented, with responsibilities spread across multiple agencies, including Commerce, State, Treasury, and USTR. Existing interagency coordination has not kept pace with the scale and complexity of growing challenges, limiting efforts to address critical issues such as supply chain vulnerabilities, economic coercion, and emerging technologies. As these challenges increase in importance and urgency, a more coordinated and strategic approach is needed to effectively mobilize tools such as export controls, investment screening, sanctions, and strategic tariffs.</p>
<p>SIGNIFICANCE</p>	<p>Economic security is increasingly inseparable from national security as global competition and interconnected risks intensify. U.S. vulnerabilities in critical supply chains and emerging technologies jeopardize both economic and national security. China’s state led economic practices, including subsidies and dumping goods, pose systemic risks to U.S. competitiveness. China controls nearly 90% of rare earth processing capacity and dominates production of active pharmaceutical ingredients, battery minerals, and solar-grade polysilicon—materials critical to advanced technologies, defense systems, and healthcare. Without sustained investment and focus, U.S. leadership in sectors such as AI, quantum computing, and biotechnology could erode. Russia’s weaponization of energy supplies underscores how economic disruptions can contribute to security crises.</p>
<p>EXPECTATIONS IN THE REGION</p>	<p>Japan and South Korea have implemented their own economic security strategies, passing new laws and appointing senior officials to oversee initiatives. Other regional partners increasingly recognize the importance of economic security, particularly for resilient and secure supply chains. Initiatives like the Mineral Security Partnership and the Indo-Pacific Economic Framework reflect ongoing collaboration. These nations look to the United States for leadership in addressing shared challenges such as countering economic coercion and protecting critical technologies.</p>
<p>DOMESTIC CONSTRAINTS/ CONSIDERATIONS</p>	<p>While there is bipartisan support for enhancing U.S. economic security, effective implementation requires clear delineation of responsibilities, avoiding duplication, and engaging Congress and private sector stakeholders. Since agencies are often protective of their mandates, increased coordination must integrate and strengthen existing capabilities while aligning government efforts.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>The incoming administration should establish a deputy national security advisor for economic security within the National Security Council to lead interagency coordination, develop a cohesive strategy, and work with international partners and the private sector. This position should be supported by a small team with authority to convene working groups, resolve interagency disputes, and oversee critical initiatives.</p>

PURSUE SUPPLY CHAIN AGREEMENTS IN STRATEGIC SECTORS

<p>ISSUE</p>	<p>The United States and its trading partners have been working hard to build resilient and secure supply chains in strategic sectors, but more can be done to manage risk. Moving from largely procedural supply chain agreements to more substantive and concrete provisions will support diversification efforts, help ensure access to critical inputs and technologies, and reduce U.S dependence on China.</p>
<p>SIGNIFICANCE</p>	<p>As tensions with China show no signs of abating, U.S. efforts to reduce economic dependence on China are critically important. The United States still remains dependent on China in key sectors; such as critical minerals, batteries, and certain pharmaceuticals. Reducing this dependence and building greater economic resilience, particularly in strategic sectors, cannot be achieved unilaterally. The United States should work with key Indo-Pacific partners and others so that it can weather approaching storms. Facilitating increased trade in strategic areas among key trusted partners in the Indo-Pacific through pooling capabilities and resources in different parts of the supply chain and removing trade barriers should be a priority.</p>
<p>EXPECTATIONS IN THE REGION</p>	<p>Indo-Pacific partners would welcome sustained U.S. economic engagement in the region where it supports their economic development and helps them better respond to economic challenges.</p>
<p>DOMESTIC CONSTRAINTS/ CONSIDERATIONS</p>	<p>There has been bipartisan support in Congress to strengthen supply chains, such as through the Critical Minerals Security Act and the Promoting Resilient Supply Chains Act. Stakeholders would also welcome initiatives that provide more certainty on supply of critical inputs, particularly given the increasingly turbulent times.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>The United States should negotiate sector-specific supply chain agreements with key partners in the Indo-Pacific, starting with a few sectors and over time extending to more. Critical sectors that could be in the first tranche include critical minerals, pharmaceuticals, and semiconductors. These agreements should feature provisions that support robust supply chains such as sharing of information, establishing prompt response networks, and supporting investment in critical infrastructure. Moreover, they should also include tariff cuts, aligned standards, and trade facilitation provisions to be applied only to the agreement's parties. Strengthened provisions to promote transportation and logistics services to increase resilience should also be included. Such agreements could be a forerunner of deeper economic collaboration with these partners to advance other economic security objectives, such as closer cooperation on export controls and investment screening.</p>

TAKE CONTROL OF INTERNATIONAL STANDARD SETTING IN EMERGING TECH

<p>ISSUE</p>	<p>The United States faces an urgent challenge in global technology standards setting as China’s state-driven approach increasingly shapes standards for emerging technologies including AI, 5G/6G, and quantum computing. These standards will define future digital systems, with far-reaching implications for global security, economic competitiveness, and the interoperability of critical technologies.</p>
<p>SIGNIFICANCE</p>	<p>China’s growing influence in international standards bodies, such as the International Organization for Standardization (ISO), the International Telecommunication Union (ITU), and the 3rd Generation Partnership Project (3GPP), allows it to promote closed, state-centric models that align with its surveillance-driven policies and its agenda, undermining innovation and openness. Without a coordinated response, U.S. companies and allied nations risk falling behind in setting the global rules that will determine technological competitiveness and security. A strategic approach is essential to counterbalance China’s state-backed efforts and ensure that international standards reflect U.S. priorities such as security, transparency, and interoperability.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>The Trump administration should establish a “Standards Alliance” with Japan, South Korea, Germany, and the United Kingdom to focus exclusively on standards setting for emerging technologies. Unlike broader initiatives such as the Quad or the U.S.-EU Trade and Technology Council, this alliance would directly address standards issues, countering China’s efforts. Led by a senior official at the U.S. National Institute of Standards and Technology (NIST), with support from the Departments of State and Defense and the Office of Science and Technology Policy (OSTP), the alliance would align member positions, coordinate standards proposals, and adopt unified voting strategies in international bodies.</p> <p>To support this, the administration should allocate funding to help smaller U.S. tech firms participate in standards bodies, counterbalancing China’s state-subsidized presence and helping ensure robust private sector engagement. The alliance should also coordinate joint proposals and leadership roles in standards committees, while funding training programs in technical universities and industry associations to build a pipeline of standards experts. An industry consortium of leading tech firms and small and medium-sized enterprises (SMEs) across member countries would provide practical input to align standards proposals with industry needs. By establishing this focused Standards Alliance, the administration can protect U.S. interests, offer a strong alternative to China’s approach, and secure a global technology environment aligned with U.S. values and economic goals.</p>

SECURE MINI TRADE DEAL TO OPEN INDIA'S MARKETS

<p>ISSUE</p>	<p>While two-way trade between the U.S. and India increased by more than 34% from 2019 to 2023, the trade relationship still has room to grow, particularly as an alternative to China. Washington and Delhi have made great strides in strengthening other parts of the relationship, but trade has suffered from ongoing irritants, disappointing levels of market access, and low ambition.</p>
<p>SIGNIFICANCE</p>	<p>India is the United States' ninth-largest trading partner, with two-way trade nearing \$200 billion in 2023. This trade has the potential to grow significantly, and as U.S. companies seek to diversify away from China, India is an important destination, source of critical minerals, home to rising technology expertise, and growing manufacturing hub. India is negotiating or has recently concluded deals with, among others, the UK, Australia, the EU, and the UAE, and those countries' competitive advantage will increasingly put the U.S. at a disadvantage.</p>
<p>EXPECTATIONS IN THE REGION</p>	<p>Regional partners are increasingly recognizing the importance of the Indian market. Placing priority on a market-opening, reciprocal deal with India would send an important signal to the region that the incoming administration's interest in the region goes beyond tariffs and bilateral trade deficits.</p>
<p>DOMESTIC CONSTRAINTS/ CONSIDERATIONS</p>	<p>India's history of protectionism plus the growing bilateral trade deficit (valued at \$45 billion in 2023) may mean there is reluctance in the Executive branch and Congress to pursue a trade deal. However, greater access to the growing Indian market opens opportunities for many American businesses to increase their exports and diversify supply chains.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>A meaningful first step would be to pursue a "mini" trade deal with India that could be expanded in the future. The incoming administration should initiate such negotiations as a priority, with the aim of concluding them by the end of 2025. Such a deal should address specific trade barriers of concern, including India's data restrictions, agricultural measures, services constraints, and weak intellectual property rights protection and enforcement. It should also lock in rules to prevent new barriers from being erected, and include Indian tariff reductions in areas where duties are high and of key interest to U.S. companies. The U.S. should also be prepared to take steps to address key Indian concerns, such as renewal of the generalized system of preferences (GSP), reducing Food and Drug Administration inspections backlogs, and exploring what could be done to improve visa access for businesspeople.</p>

EXPAND THE U.S.-INDIA TECHNOLOGY PARTNERSHIP FOR DEVELOPING ASIAN ECONOMIES

<p>ISSUE</p>	<p>Developing economies in Asia need access to digital and emerging technologies for their economic development and sustainability goals. The existing multilateral institutions have limited competence and mandate to provide this support. While major Western powers are only present through their private enterprises for commercial purposes, China is pulling more countries into its orbit through its trade and investment in technology supply chains.</p>
<p>SIGNIFICANCE</p>	<p>The growing U.S.-India technology partnership presents a strategic opportunity to support Asia's developing economies. By building on initiatives including the U.S.-India Global Digital Development Partnership and the U.S.-India Initiative on Critical and Emerging Technology (iCET) collaboration, the two nations can foster investment and innovation and provide support in areas such as digital public infrastructure, sustainable tech, and high-value sectors such as space and biotechnology.</p>
<p>EXPECTATIONS IN THE REGION</p>	<p>Asia's developing economies are seeking high-technology collaboration and could be encouraged to embrace viable alternatives to China's offerings. The U.S.-India partnership is well positioned to support these aspirations.</p>
<p>DOMESTIC CONSTRAINTS/ CONSIDERATIONS</p>	<p>Such a partnership would not only leverage India's growing prowess in technology and its potential as a geoeconomic partner but also its position as a bridge to the developing world, in line with Washington's push to maintain competitiveness in emerging sectors. Also, the incoming administration is likely to prioritize countering China's influence in setting global technology standards and norms and limiting Chinese products, technology, and infrastructure in the region.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>Establish a U.S.-India Consultative Mechanism as a high-level platform to align objectives, share insights, and target priority economies and sectors. Key actions include (a) creating a joint working group with government officials alongside stakeholders from tech companies, entrepreneurs, and financial institutions; and (b) launching a U.S.-India Technology Development Fund, modeled on the Overseas Private Investment Corporation, to provide risk capital to developing economies for scalable and accessible initiatives in digital public infrastructure, clean energy, e-governance, and high-tech public projects.</p>

DIRECT SELECT CHINESE FDI TO BUILD AMERICAN FACTORIES

<p>ISSUE</p>	<p>Chinese foreign direct investment (FDI) in the United States has declined substantially amid heightened tensions and tighter regulatory scrutiny, with greenfield investments representing only a small portion of overall Chinese FDI. President-elect Trump floated the idea of inviting more Chinese investment into the United States, provided it leads to new U.S. factories, creates jobs, and does not threaten national security. Any such policy must be implemented incrementally and carefully to align with U.S. economic and national security interests. Investments must comply with federal and state laws, including restrictions on locations near sensitive areas such as military installations, critical infrastructure, and farmland.</p>
<p>SIGNIFICANCE</p>	<p>Carefully managed Chinese greenfield FDI could create jobs, foster innovation, and strengthen U.S. competitiveness by providing capital and know-how. Historical precedents, such as Japanese FDI in the U.S. auto sector, illustrate how foreign investment can reduce economic friction and strengthen manufacturing capacity. However, China's status as a strategic competitor—not a treaty ally—limits this comparison. China's overseas investments, driven by domestic challenges and efforts to globalize production, present an opportunity to selectively invite greenfield projects in nonstrategic sectors to enhance U.S. manufacturing, technology, and infrastructure. Such investments should be conditioned on training American workers, using U.S.-made components and machinery, sharing intellectual property and know-how, establishing joint ventures with U.S. firms, and building strict firewalls in sensitive areas such as data security.</p>
<p>EXPECTATIONS IN THE REGION</p>	<p>Many Indo-Pacific countries welcome Chinese investment for economic growth, job creation, and to move up the value chain. Given their extensive trade ties with China, these countries are concerned about an escalation in U.S.-China tensions. U.S. efforts to accept select Chinese FDI could alleviate concerns about trade wars and economic decoupling.</p>
<p>DOMESTIC CONSTRAINTS/ CONSIDERATIONS</p>	<p>There are bipartisan concerns about Chinese investments, particularly in sensitive areas like defense technology and critical infrastructure. Existing restrictions and CFIUS processes help mitigate risks but may require enhancement to address greenfield investments. Balancing economic benefits with national security risks requires a transparent, stringent screening process to build congressional and public trust.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>President-elect Trump's idea to encourage select Chinese greenfield investments should be explored and implemented incrementally, starting with a few investments in sectors like industrial machinery and consumer goods. The CFIUS committee should develop additional safeguards to screen investments and ensure benefits are maximized without compromising sovereignty, the economy, or national security.</p>

EXPAND AUKUS PILLAR TWO

<p>ISSUE</p>	<p>AUKUS is a trilateral security partnership between Australia, the United Kingdom, and the United States. Pillar One focuses on Australia’s acquisition of nuclear-powered submarines. Pillar Two focuses on cooperation in emerging technologies and functional areas; currently, these include advanced cyber, artificial intelligence and autonomy, electronic warfare, hypersonic and counter-hypersonic capabilities, information sharing, innovation, quantum technologies, and undersea capabilities. Pillar Two should be expanded to include Canada, Japan, New Zealand, and South Korea to strengthen collective defense capabilities, promote technological innovation, and fortify economic ties.</p>
<p>SIGNIFICANCE</p>	<p>As the Indo-Pacific region faces growing security challenges from China’s military modernization and more ambitious foreign policy, the United States and its allies must adapt their security cooperation to meet the needs of an increasingly tech-centric balance of power. Expanding Pillar Two will help enhance defense-related technological capabilities, create a stronger coalition of like-minded countries, and send a message of unity and deterrence to Beijing.</p>
<p>EXPECTATIONS IN THE REGION</p>	<p>Many Indo-Pacific countries hope that Washington will maintain or even bolster its support for regional security. Expanding AUKUS Pillar Two would boost confidence in the U.S. commitment to the region while fostering closer ties with countries seeking to counterbalance China’s rapid military modernization. This expansion should be pursued with an emphasis on the defensive and deterrent nature of AUKUS.</p>
<p>DOMESTIC CONSTRAINTS/ CONSIDERATIONS</p>	<p>With due care for information security and intellectual property, sensitive technology can be shared and co-developed with current and additional AUKUS partners in ways that benefit the U.S. defense industrial base, enhance technological competitiveness, and reinforce global stability.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>AUKUS Pillar Two should expand to include Canada, Japan, New Zealand, and South Korea—although this can be done progressively and does not need to involve all four countries in all eight areas. These nations are suitable because they have all expressed interest, share meaningful security interests with the United States, and possess strategic technological interests. Japan has extensive advanced manufacturing capabilities, South Korea is a force in defense industries such as hypersonics and shipbuilding, and Canada and New Zealand are members of the Five Eyes intelligence-sharing arrangement with the AUKUS countries. Expanding Pillar Two is a vital step in countering China’s advances in critical technologies for military applications, and cooperation with allies and partners will accelerate U.S.-led progress in critical defense technologies to help outpace China’s efforts while improving allied interoperability.</p>

ACCELERATE U.S.-JAPAN COMMAND STRUCTURE ALIGNMENT

<p>ISSUE</p>	<p>In the past few years, the United States and Japan have deepened their alliance cooperation, reflecting rising concern about China’s behavior. Tokyo has pledged to double its defense budget and inked agreements to buy 400 U.S.-made Tomahawk cruise missiles to enhance its military buildup. As part of this historic effort to upgrade its defense, Tokyo is establishing a permanent Joint Headquarters, slated to open in March 2025. While Japan has fast-tracked its own efforts to develop joint capabilities, the United States has committed to a “phased approach” that could slow the momentum of the alliance. The Pentagon has announced plans to transform the United States Force Japan (USFJ) by providing joint operational responsibilities, commanded by a three-star general and reporting to the Indo-Pacific Command.</p>
<p>SIGNIFICANCE</p>	<p>With its USD2.35 billion purchase of Tomahawk missiles, Japan’s strike capability is advancing; however, it needs coordination with U.S. intelligence for effective targeting, reconnaissance, and surveillance. The escalating threats from China and from North Korea, now enhanced by partnerships with Russia, are too urgent to wait for a fundamental change to the U.S.-Japan command mechanism. The 52,000 U.S. troops stationed in Japan are the cornerstone of U.S. military power in the Indo-Pacific, but Japan is no longer simply a platform for forward operations. A fully resourced Japan Self-Defense Force (JSDF)—if given a modernized command and control structure within the alliance framework—can play a critical role in countering the increasingly severe security challenges in the region.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>As Japan integrates the combined power of its ground, maritime, and air Self Defense Forces, the United States should accelerate the stand-up of its counterpart control and command structure to maximize deterrence and operational capabilities. The Pentagon should consider whether a standing staff located in Japan is necessary to facilitate communication with Japanese authorities and combat the tyranny of distance with the Indo-Pacific Command thousands of miles away in Hawaii. Given the security landscape, the allies no longer have the luxury of going slowly.</p>

SCALE-UP SCOPE OF BURDEN-SHARING WITH SOUTH KOREA

<p>ISSUE</p>	<p>Host Nation Support (HNS) for U.S. troops serving abroad has been a source of significant tension in the U.S.–South Korea alliance, yet the focus of the contention has centered on a relatively narrow agreement known as the Special Measures Agreement (SMA). The SMA provides financial support to defray the cost of hosting the U.S. military on the Korean Peninsula, mostly payment to South Korean workers on U.S. bases, utility bills, and maintenance costs. Lost in the debate are the larger-ticket items that Seoul absorbs, such as paying 90% of the USD11 billion cost of Camp Humphreys, the largest overseas U.S. military base. South Korea’s wealth affords it a large defense budget—nearly USD50 billion in 2023, about 2.5% of its GDP, far beyond NATO countries’ allotment, and 13% of its national budget, comparable to the U.S. rate.</p>
<p>SIGNIFICANCE</p>	<p>The U.S.-ROK alliance is critical for deterrence from the Democratic People’s Republic of Korea (DPRK) and Chinese threats and cannot afford to be damaged over relatively small cost differences. The Korean defense industry has blossomed in recent years, investing in its own defense and becoming an emerging powerhouse in arms exports, about USD14 billion in 2023. Defense industrial cooperation would generate revenue for U.S. arms manufacturers by taking advantage of South Korea’s advanced industrial base and technological capabilities. Artillery ammunition, crewless systems, helicopters, and ground combat vehicles are among the areas in which South Korea has strong advantages.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>Instead of the SMA agreement, the United States should pursue more impactful and more profitable efforts in defense industry cooperation. Both countries struggle with capacity in their industrial bases; by combining efforts, the allies could expand output. Production of co-developed systems in South Korea could ease supply chain concerns and, potentially, position arms in the region in case of an armed conflict. U.S. engagement with the Korean defense industry could boost deterrence, increase contracts for American companies, and push Seoul to invest more heavily in providing for its own defense.</p>

ENGAGE EARLY WITH ASEAN TO JUMPSTART U.S. INITIATIVES

<p>ISSUE</p>	<p>China's growing use of economic leverage and aggressive tactics, particularly in the South China Sea, has left Southeast Asian nations increasingly threatened but hesitant to push back. Their economies are also becoming increasingly integrated with that of China, drawing many closer to Beijing. These countries are more likely to defend their own sovereignty and resist Chinese coercion and overtures if they have confidence in U.S. backing. An early, high-profile gesture by President Trump, such as a coveted invitation to Mar-a-Lago, would signal U.S. commitment and strengthen the resolve of leaders in this important region. ASEAN leaders, often sidelined in recent U.S. initiatives including the Quad and AUKUS, would welcome such an invitation as a mark of respect. Particularly since the planned U.S.-ASEAN Summit in March 2020 was canceled due to the pandemic, an early summit would reinforce the partnership with the United States and go far toward countering China's influence.</p>
<p>SIGNIFICANCE</p>	<p>ASEAN is a vital economic partner and a key arena for U.S.-China competition. With bilateral trade nearing USD500 billion in 2023, Southeast Asia serves as a critical hub for global supply chains and strategic industries. Its young population, growing digital economy, and location are essential for diversifying supply chains and countering Chinese dominance. American leadership in areas such as economic development, infrastructure, and maritime security can position the United States as the preferred partner in the Indo-Pacific. These initiatives could focus on infrastructure, supply chain diversification, and technology. Increased maritime presence, including Freedom of Navigation Operations, support Southeast Asian states' territorial disputes and protect critical sea lanes.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>With ASEAN leaders feeling marginalized by the Biden administration's promotion of mini-laterals, the Trump administration has an opening to assert U.S. leadership in China's backyard. Hosting an ASEAN-U.S. Leaders' Summit within the first six months in office would signal strength and commitment and set the stage for closer engagement over the next four years. Many of the leaders are known as avid golfers: an invitation to Mar-a-Lago for a summit might be particularly well received and generate positive personal relationships with Trump. Laying the groundwork with U.S. hospitality could jumpstart many of the economic and security initiatives that counter Chinese influence in Southeast Asia.</p>

EXPAND U.S.-CHINA MILITARY-TO-MILITARY COOPERATION

<p>ISSUE</p>	<p>Military-to-military (mil-mil) communications remain an effective means to de-escalate a crisis or conflict. The United States and China have built a robust set of channels within their respective defense departments and military commands, including a new channel between the U.S. Indo-Pacific Command (USINDOPACOM) and the People's Liberation Army (PLA) Southern Theater Command and restarting the Military Maritime Consultative Agreement (MMCA).</p>
<p>SIGNIFICANCE</p>	<p>Robust mil-mil channels enhance stability and increase trust during peacetime and may allow the two countries to reduce tensions during conflicts or crises. This is a low-risk, high-reward policy that the Trump administration can continue, especially the new channel between USINDOPACOM and the Southern Theater Command leaders, which allows operators of both militaries to communicate directly and in a timely fashion. Such channels help the United States gain insight into the PLA's thinking as well as reinforce President Trump's message of resolve in the face of increasing PLA assertiveness.</p>
<p>EXPECTATIONS IN THE REGION</p>	<p>China's PLA appears to be committed to sustaining mil-mil channels with the United States. U.S. allies and partners in the region similarly expect both countries to utilize channels to avoid conflict and communicate intentions.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>Soon after his inauguration, President Trump should initiate a phone call with President Xi Jinping and signal his commitment to mil-mil interactions with China by communicating that he has directed his senior military officers to maintain open lines of communication with the PLA. Doing so would showcase Trump's intention to maintain such channels and may likely be reciprocated by China.</p>

CREATE A “TAIWAN RESILIENCE PARTNERSHIP” TO STRENGTHEN TAIWAN’S CIVIL DEFENSE

<p>ISSUE</p>	<p>Taiwan faces growing threats of a People’s Republic of China (PRC) blockade, quarantine, or even military assault. While its military has appropriately focused on asymmetric capabilities through the “Overall Defense Concept,” Taiwan’s civil defense infrastructure remains badly underdeveloped. In a crisis, Taiwan must sustain its population, infrastructure, and services to endure the critical period before U.S. and allied assets can be put into place.</p>
<p>SIGNIFICANCE</p>	<p>Taiwan’s ability to “buy time” is essential. Stockpiling resources including liquified natural gas, oil, medicine, and ammunition, as well as training civilians for emergency response, is critically important. Lessons from Ukraine demonstrate the value of civilian resilience in resisting aggression and maintaining national morale. Failing to prepare adequately for civilian resilience risks enabling Beijing to quickly overwhelm Taiwan before the international community can respond.</p>
<p>EXPECTATIONS IN THE REGION</p>	<p>A stronger civil defense will reassure the region and deter Beijing by demonstrating Taiwan’s determination to resist coercion.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>The Trump administration should push Taipei to prioritize civil defense and press Taiwan’s opposition-controlled legislature to allocate sufficient funding for critical stockpiles and civilian training programs. The United States could launch the Taiwan Resilience Partnership (TRP), mobilizing expertise from the Federal Emergency Management Agency (FEMA), USAID’s Disaster Assistance Response Team (DART), Department of Health and Human Services, and the Department of Energy to provide guidance and training on emergency preparedness, medical infrastructure, and energy resilience. Local U.S. agencies, including state emergency management and public health departments, can contribute. Joint civil defense exercises would deepen U.S.-Taiwan collaboration and readiness.</p> <p>TRP should also prioritize securing Taiwan’s electrical grid and undersea cables by providing expertise on hardening infrastructure, building redundancy with backup systems, and developing rapid repair capabilities to ensure uninterrupted power and communications during a crisis. These measures will enhance Taiwan’s ability to deter or endure aggression, bolstering regional stability and U.S. strategic interests.</p>

PRIORITIZE WATER SECURITY TO STRENGTHEN ENGAGEMENT

<p>ISSUE</p>	<p>South Asia's major rivers traverse borders defined by long-standing territorial disputes and political tensions. Declining freshwater resources, driven by population growth and climate change, heighten competition for water, making water security crucial for stability in a nuclear-armed region.</p>
<p>SIGNIFICANCE</p>	<p>Water-driven conflicts could destabilize South Asia, posing risks to U.S. security and economic partnerships, while also increasing the likelihood of regional countries' vulnerability and dependence on China, which controls many upstream water sources. By promoting transboundary water cooperation, the United States could reduce tensions and foster stability in a region vital to U.S. geostrategic interests. This approach builds naturally on the Trump administration's 2017 Global Water Strategy, a landmark initiative—mandated by the 2014 Water for the World Act—on what President Trump called “the most important issue we face for the next generation.”</p>
<p>EXPECTATIONS IN THE REGION</p>	<p>South Asian leaders seek to expand ties under a second Trump administration with openness to U.S. facilitation, investments, and technical support, which could extend to transboundary water security. Even though some nations might be wary of foreign involvement in their resource disputes, the United States could leverage established diplomatic ties to address concerns and ramp up political will for cooperation.</p>
<p>DOMESTIC CONSTRAINTS/ CONSIDERATIONS</p>	<p>Focusing on the issue of water security is a low-cost way of magnifying U.S. influence and weakening China's regional leverage without high costs or long-term commitments. Also, U.S. businesses could gain from increased regional demand for American water-management technologies and innovations.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>Revitalize and expand the 2017 U.S. Global Water Strategy to include South Asia as a focus region. Establish a senior envoy-led task force to drive U.S. water security initiatives in South Asia through diplomatic and technical partnerships. This task force will coordinate with key regional stakeholders and also guide intra-regional dialogues to advance long-term planning for shared water resources, helping alleviate emerging tensions while fostering U.S.-backed regional cooperation.</p>

ADDRESS UNFAIR CARBON-INTENSIVE TRADE

<p>ISSUE</p>	<p>Border adjustments to address concerns around unfair “carbon leakage” by other countries are increasingly being considered as a tool to level the economic playing field among trading partners and enhance competitiveness for business. Generating accurate and comprehensive data on the carbon intensity of traded goods is a critical first step.</p>
<p>SIGNIFICANCE</p>	<p>U.S. manufacturing has a carbon advantage—on average, goods produced in the United States are 44% more carbon efficient than those made in other countries. Introducing a carbon border adjustment mechanism (CBAM) that accounts for the differences in the carbon intensity of manufacturing between trading partners can protect industrial competitiveness and support industries—and jobs—remaining in the United States. U.S. leadership toward building an effective CBAM and climate-aligned trade policies should start with benchmarking emissions data for traded goods in line with U.S. business interests.</p>
<p>EXPECTATIONS IN THE REGION</p>	<p>The EU’s CBAM is the most advanced of such carbon-focused trading measures. While some Indo-Pacific countries have vocally opposed it, they are still preparing for it to emerge full force in 2026. For exporters like the emerging economies of the Indo-Pacific, having common standards is particularly helpful. U.S. support for the collection and standardization of emissions benchmarking data would be welcomed.</p>
<p>DOMESTIC CONSTRAINTS/ CONSIDERATIONS</p>	<p>The Providing Reliable, Objective, Verifiable Emissions Intensity and Transparency Act (PROVE IT), introduced in 2023 in the U.S. Senate and now with a companion bill in the House, is a pragmatic, bipartisan initiative that requires further study on the energy intensity of goods manufactured from certain sectors. Still, some sectors may be concerned that a study will reveal that their production is more (rather than less) carbon intensive than those of their competitors.</p>
<p>RECOMMENDED COURSE OF ACTION</p>	<p>The administration should prioritize and build on initial efforts to generate reliable and transparent emissions intensity data for products. A good option would be to work with Congress to advance and swiftly pass the bipartisan PROVE IT Act. In doing so, Congress should ensure that support is provided to Indo-Pacific partners to collect data and align with standards, while creating opportunities for U.S. businesses to provide key technologies to Indo-Pacific countries as they work toward improving their own emissions-intensity performance.</p>

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