

RELEASE IN FULL

From: Campbell, Kurt M <CampbellKM@state.gov>
Sent: Tuesday, November 15, 2011 3:14 PM
To: H; Sullivan, Jacob J
Subject: Fw: Financial Times Editorial: Re-engage with Asia, but carefully

Pivot plus balance!

From: Paradiso, Darragh T
Sent: Tuesday, November 15, 2011 08:50 AM
To: EAP-FO-Office-DL; EAP-EP-Office-DL; EAP-CM-Office-DL; EAP-ANP-Office-DL
Cc: EAP-P-Office-DL
Subject: Financial Times Editorial: Re-engage with Asia, but carefully

November 14, 2011 11:40 pm

Re-engage with Asia, but carefully

It is not surprising that the US wants to reconnect with Asia. After all, as Barack Obama said at the Asia-Pacific Economic Co-operation forum in Hawaii, that is where the action is. Growth in the region averages above 7 per cent. With Europe in crisis and anaemic growth at home, the US wants to tap into Asian markets to meet Mr Obama's target of doubling exports and creating jobs.

After being distracted for a decade in the Middle East, Washington's "pivot" towards Asia – to use secretary of state Hillary Clinton's word – shows it has woken up to the region's rise. US re-engagement, in strategic as well as economic terms, is to be broadly welcomed. But there are challenges, even dangers. Washington will need finesse to get it right.

Its main trade initiative is the Trans-Pacific Partnership. Mr Obama wants the nine negotiating countries – plus Japan, if possible – to sign a "next-generation" trade agreement by the end of 2012. The TPP is supposed to incorporate non-tariff issues, such as government procurement and intellectual property protection. Getting Japan to sign up to a meaningful deal will be extremely difficult, given intense opposition from farmers. Yet without Japan, the TPP would be a hodgepodge, bringing together countries as diverse as Brunei, Peru, Vietnam and Australia.

Either way, China will not be a member any time soon. That is inevitable given some of the ways it conducts business. But any pact without China will lack critical mass, and could be divisive if seen as an "anyone-but-China" club. The US has said that anybody – including China – can join when they meet TPP obligations. But it should also invest diplomatic effort in helping Beijing align itself with the pact's goals and standards.

Strategic re-engagement is trickier still. Mr Obama is expected to announce closer military ties with Australia during a visit this week. Many smaller Asian countries welcome signs that Washington is paying more strategic attention to the region. Vietnam and the Philippines, both of which have maritime disputes with China, value the US role as honest broker. But Washington must also be acutely aware that the region's dynamics are changing. Susilo Bambang Yudhoyono, Indonesia's president, told Apec leaders the world should no longer be dominated by a sole superpower. Future trade and military arrangements in the Pacific must involve China. If the US is seen to be riding roughshod over Beijing's interests, the impulse to re-engage could backfire.