



Hitting the Reset Button in the Indo-Pacific

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Executive Summary

The United States enters 2025 facing an increasingly insecure world. Locked into intensifying great power competition with China, the United States is now in a new, increasingly unfavorable, international environment. But, at the beginning of President Donald Trump's second term, the United States has an opportunity to hit the reset button in the most critical region, the Indo-Pacific, and redefine its strategy to win the long-term competition for leadership and protect US interests in the region.

The United States is challenged by a new multipolar reality whereby most non-aligned countries will opt to hedge against both China and the United States, while the revisionist coalition cooperates increasingly closely. The multipolar world is already in action: North Korean forces are now on the ground in Ukraine, fighting on behalf of Russia,¹ while Iran continues to upend order in the Middle East as it simultaneously supports Moscow. Looming above these threats stands the People's Republic of China (PRC) as the most powerful member of this coalition, with a growing risk of kinetic conflict over Taiwan or other regional flashpoints.

Opposite: Viacheslav Lopatin/Shutterstock

Yet, US resources and defense budgets are increasingly constrained by rising US debt and a military industrial base in decline since the Cold War. While US technological capabilities set global standards, there are concerns nonetheless that the vastness of US military structure and extended commitments further complicate the next generation of warfighting capabilities. Moreover, although there is a consensus in Washington on the need to confront China, there is little agreement about the ends and means of doing so.

Fundamentally, US policy since the “Pivot to Asia” has simply not been working in the Indo-Pacific. Economic and military trends are moving in the wrong direction. Relative US influence is in decline against a host of rivals. It is time to hit the reset button in the Indo-Pacific.

The new US administration has a unique opportunity to adjust the nation’s China strategy to meet US interests in the Indo-Pacific. The Wilson Center’s Indo-Pacific Program has developed a policy agenda for 2025 and beyond, underscoring the high stakes game that the United States must win to advance its national interests.

A map of US security architecture in the Indo-Pacific and the three island chains. Light blue countries are formal military allies, dark blue are strategically critical defense partners, and purple are the Compact of Free Association States.



Topline Policy Recommendations:

- Prioritize the Indo-Pacific over other regions.
- Work to develop an economic structure that resets the chessboard in the United States' favor
- Redouble efforts to reinforce deterrence and acquire the capabilities to confidently counter Chinese and North Korean aggression in the region.
- Consolidate support for the Quad and commit to the president's attendance at each Leader's Summit.
- Foster bilateral and minilateral relationships between US allies and partners.
- Look for opportunities to expand US development aid and investment in the Indo-Pacific's developing markets.
- Take the lead in reducing regional economic dependence on China.
- Engage the region on developing common standards and norms for regulating platforms and technological integration.
- Democracy and human rights remain important goals, but the United States should adopt a long-term, strategic approach to values promotion.
- Invest in digital and other critical infrastructures in the Global South to ensure that US-designed technologies are governed by US-based rules.



US Interests as an Indo-Pacific Power

The geographic space stretching from India to the Korean Peninsula is now at the center of world affairs. It is here that the contest over the coming decades for leadership of the international system will be decided between two rival coalitions, one grounded in shared values and institutions, and the other bent on overturning the US-led order and seeing chaos as opportunity.² The international system may be increasingly multipolar, but the two leading rival poles, the United States and China, are locked into a decades-long contest for leadership.

The Indo-Pacific is the most important theater for US interests. The region makes up 60 percent of the world's GDP, and it currently contains three quarters of the world's population. By 2050, the Indo-Pacific will contain four of the world's largest economies,³ as well as several other fast-growing markets. Perhaps most importantly of all, the United States *is* an Indo-Pacific power with longstanding historical interests in the region,⁴ US states and territories in the region, and a vested interest in ensuring that the PRC does not achieve hegemony in the Western Pacific. Indeed, Anchorage, Alaska is closer to Beijing than it is to Washington, DC.

Opposite: ESB Professional/Shutterstock

US national interests at stake in the region include ensuring that the United States maintains access to and leads the world’s most vibrant economic region—particularly in innovation and cutting-edge technological development—and reestablishes a favorable balance of power necessary to deter—or potentially even defeat—any challengers. Other theaters, including Europe and the Middle East, remain important, both economically and for their stability threats and threats to US leadership, but are not as vital as the Indo-Pacific, especially as China is the United States’ most powerful and dynamic rival.⁵ In light of declining relative power, Washington will likely need to make sacrifices elsewhere to focus the policymaker attention and national resources necessary to prevail in the Indo-Pacific. The United States will also need to demand more from its allies and partners to remain confident in our ability to defend the international order.

A helicopter prepares for take off from the USS Carl Vinson. (U.S. Navy photo by Mass Communication Specialist 2nd Class Sean M. Castellano/Released)



Righting Past Failures

While previous administrations have promised to shift the focus to the Indo-Pacific, our efforts were insufficient to achieve US objectives and have left the United States losing ground to China in this critical region. Not only did US efforts to sway China into becoming a “responsible stakeholder” ultimately fail, but the gap between China and the United States across military, economic, and political power has actually narrowed even further over the past decade. Looking out across the region, the PRC has become an economic gravity well pulling in the wider region and a looming potential hegemon more than willing to wield the coercive tools at its disposal. China’s diffidence towards a rules-based order championed by the advanced economies has become all too clear.

The economic picture remains poor for the United States’ influence in the region. Over the last two decades, China has replaced the United States as the largest trading partner for most countries globally and in the Indo-Pacific.⁶ Beijing has also emerged as a leader across many of the key technologies of tomorrow, including artificial intelligence, electric vehicles, and robotics.⁷ Although the United States and key allies like Japan have moved to stymie China’s attempts to seize the lead with export controls of dual-use technologies, Beijing

Over the last two decades, China has replaced the United States as the largest trading partner for most countries globally and in the Indo-Pacific.

remains a nimble and innovative competitor with the potential to bypass or mitigate these efforts.⁸

COVID-19 exposed real strains in the international supply chain, and China's economic coercion over the past decade highlights the serious risks run by too much

dependence upon Beijing for strategic imports.⁹ "China Plus One" and other initiatives to reduce or "de-risk" from China are underway but will take time, and they run the risk of damaging US growth and innovation.¹⁰ While efforts to boost American manufacturing and address inequalities in the global economy are vital for economic security and prosperity, protectionist efforts must be balanced with the need to cultivate strong relationships with key allies and partners and avoid unintentionally hampering US prosperity.

Relative US hard power is also not what it once was. Although the United States military remains the most capable in the world, the PRC can concentrate its forces in the Western Pacific, while the United States must protect interests and project power throughout the globe. With Russia making gains in Ukraine and the Iranian "Axis of Resistance" challenging security in the Middle East, as well as instability throughout key parts of the Global South, the risk of overstretch is real. Supplying Ukraine and Israel with key weapons systems and ammunition has exhausted American stockpiles, such as the 155mm artillery shells and air-defense missiles necessary for contemporary peer-to-peer combat. Production capacity remains inadequate.¹¹ Making matters worse, North Korea's increasingly threatening posture across the DMZ can be added to the list of Indo-Pacific flashpoints, including the South China Sea and across the Taiwan Strait. This is an era where increases to the defense budget may not be enough to counter all threats simultaneously.

A New US Strategy for the Indo-Pacific

In Washington, recognition of these problems constitutes a rare bipartisan consensus that declares China the chief opponent and mandates greater attention to the threat it poses to US interests. Yet, this misses the larger picture. China may be the chief threat in the Indo-Pacific, but the United States faces wider problems as the world becomes more structurally multipolar and its economic and military power declines relative to the rest of the globe. Moreover, as a resident Indo-Pacific power, the United States has deeper interests at stake in leading the region economically and militarily. Beijing may be the most pressing problem, but US focus should be on shaping the world's most dynamic region for the sake of advancing US interests in the Indo-Pacific, not because we are threatened there but because the region represents the future.

The paramount objective should therefore be to ensure the United States remains the preeminent power in the Indo-Pacific, both economically and militarily. Firstly, achieving the economic aspect of this objective must include reasserting US centrality in the region's web of investments, trade, and supply chains, while also ensuring that the Indo-Pacific does not become dominated by PRC-designed rules and technology standards. Secondly, the United States must optimize

its military strength and cultivate allies and partners as force multipliers to forge a favorable balance of power and achieve lasting deterrence until such time that the revisionist powers renounce, or at least reduce, their challenge to the system. Lastly, the United States should work to ensure that the region remains open to US values and does not move in an increasingly authoritarian direction that opens up space for revisionist influence. Thus, “winning” is ensuring lasting US economic leadership, maintaining a sustainable balance of power that will deter and defeat revisionist challengers to a US-led order, and guaranteeing that the region remains free and open to US values. In doing so, the United States will be well positioned to extend the “American century” well into the Twenty-First.

This vision differs from earlier Indo-Pacific strategies with its explicit recognition that the status quo is untenable, that the United States must be willing to engage new partners, reconsider old institutions, and take proactive action to shape events and circumstances to suit its national interests. New voices in the Global South, such as India and Indonesia, are demanding a seat at the table. Indeed, as seen through their recent leadership within the G20, they are already stepping up their activities in some areas. Demographic changes are also reshaping the fundamental dynamics throughout the world, and emerging technologies are altering the shape and nature of economic and military power. The world has changed, and so should Washington’s foreign policy playbook. Old mental maps and conventional wisdom, including running a play-by-play rerun of the US-Soviet Cold War, will hamper US effectiveness. Crucially, seizing this moment and resetting the board necessitates acting innovatively and, in some cases, assertively, including in ways that may raise eyebrows among US allies and partners. Importantly, however, US focus on the Indo-Pacific and a willingness to challenge conventional wisdom does not mean seeking regime change in China or viewing the region solely through a “Cold War” lens.

Moreover, policymaker time and attention are both limited. In a world where each minute in a National Security Council meeting or

Congressional hearing is a scarce resource, a minute spent on issues in less vital regions is a minute where the Indo-Pacific is not the priority that past US strategies have declared it to be. Top-level delegations, state visits, and expanded people-to-people ties to the region are a must so that Chiang Mai, Thailand; Bengaluru, India; and Fukuoka, Japan become as familiar territory to US policymakers, officials, and civilians as Paris, Berlin, and Dubai. If a Congressional delegation must choose between Eastern Europe and the Middle East or South and Southeast Asia, then South and Southeast Asia it should be.

Fundamentally, hitting the reset button calls for completing the long-discussed US shift in attention to the Indo-Pacific; leading regional efforts to shape the norms, institutions, and rules of the future; shifting the Indo-Pacific's economic gravity back toward the United States; and achieving a bulwark of alliances and partnerships that can better stand up against China and the rest of the revisionist coalition.

USS Theodore Roosevelt in the Indo-Pacific (DLeng/Shutterstock).





Achieving US Economic Leadership

The United States has an enduring interest in open markets in the Indo-Pacific dating back to its first interactions with Asia during the earliest days of the republic. For more than two centuries the goal of the United States has been to ensure that US commerce flowed into the region, while its military presence addressed threats from the region to the United States.¹²

These interests remain strong today, and the United States wants more. A “free and open Indo-Pacific that is more connected, prosperous, secure, and resilient” is good for the US economy, as well as broader growth prospects, for the world’s most populous region.¹³ Yet, these connections are going on without a leading US role, while economic security and resilience are increasingly challenged. Put simply, the United States is no longer the dominant economic force in the Indo-Pacific. China’s economic influence across the region continues to rise, not least due to Beijing’s targeted development strategies that have bolstered its spheres of influence. At the same time, the United States must protect the interests of its own private enterprises at

Opposite: Port of Los Angeles, San Pedro, California. (Ian Kennedy/Shutterstock)

a minimum and ultimately advocate for establishing rules that will continue to drive US innovation and competitiveness, especially in advanced technology.

Meeting this challenge will require the Trump administration to not just build on the current US Indo-Pacific Strategy,¹⁴ but to reshape the economic and technology landscape in the region to be more amenable to US interests and long-term trends. The current strategy correctly acknowledges that the United States cannot accomplish this vision alone. To fulfill this vision the next administration will need a more comprehensive strategy that brings together the United States and its partners in the Indo-Pacific to produce real economic benefits for the region, create more export opportunities for US manufacturing, and shape the rules and norms for the future of technological development. In the absence of providing real economic benefits to countries in the Indo-Pacific, the United States should expect its influence to continue to decline relative to China.

Relatedly, the long-term goal of US economic strategy in the region should also aim to ensure that regional and global economic rules of engagement and economic institutions benefit US interests in the region. The wariness of Chinese hegemony that currently prevails in the region provides an opportunity for Washington to play a greater role in defining the rules and norms of regional growth moving forward. At the same time, decreasing economic dependence on China must lead to domestic policies to revitalize US manufacturing in strategic sectors, such as defense and emerging technologies, as well as larger US investments in emerging markets to secure resilient supply chains and access to critical resources.

Key to this are policies aimed at fostering and leading the ongoing technological revolution, particularly as the center of international technology production and, in many cases, research and development shifts to the Indo-Pacific. Both prior to¹⁵ and since the pandemic,¹⁶ global trade in services has been growing more quickly than trade in goods. With the increasing deployment of artificial intelligence (AI)

For the United States, the goal of economic security and leadership in the Indo-Pacific is ambitious but non-negotiable given the scale of the competition that the United States faces in the longer term.

and connected or autonomous devices, trade in services is well placed to continue to outpace global growth into the future. As the leading country in the development of AI, the United States has an interest in ensuring that the region's rules and regulations related to trade in services, data, and platforms do not crowd out US products in

the areas of future economic growth in the world's most important region.

In the Indo-Pacific, keeping the technological lead should include forging partnerships with key likeminded allies to further restrict China's and Russia's access dual-use technologies, particularly artificial intelligence. A region dominated by Chinese digital infrastructure would not only represent a national security concern but push out US and allied equipment makers with longer-term implications for global hardware standards moving away from free and open systems.

In another key sector, China has emerged as a regional leader in green technology development, but the United States still maintains undeniable strength in the energy sector, which should be a focus for the Trump administration. Today, with Russia reorienting energy exports to Asia,¹⁷ and China seeking to achieve energy resource dominance in clean energy while also undertaking coercive infrastructure projects, energy security is increasingly important for US allies and partners in the region. Moving forward, US energy policy in the Indo-Pacific region will need to not only seize opportunities in high-demand sectors for clean energy technology with US allies and partners, including countries like India that are rapidly developing green energy sectors, but also counter simultaneous competition from Russia and China in both fossil fuels and clean energy.

For the United States, the goal of economic security and leadership in the Indo-Pacific is ambitious but non-negotiable given the scale of the competition that the United States faces in the longer term. Achieving such a position means both reinforcing the fundamentals of US economic strength while creating the conditions for likeminded allies and partners, as well as emerging markets, to look to Washington and its friends for their development needs and investments, not Beijing. The United States and its private sector should strive to once again be the partner of choice for the world for investment, innovation, and prosperity.

The USS George Washington (CVN 73) in the Pacific Ocean. (DoD photo by Mass Communication Specialist 3rd Class Paul Kelly, U.S. Navy/Released)



A Favorable Balance of Power

Securing a favorable balance of power and lasting security in the Indo-Pacific requires erecting a “bulwark” of mutually reinforcing alliances and partnerships that collectively outweigh China’s local military advantage derived from its proximity to and concentration of mass in the Western Pacific. A “bulwark” here means a US and allied force posture in the first island chain undergirded by close relationships, shared interests and values, and the advanced capabilities necessary to deter and defeat PRC or DPRK aggression at the frontlines. Although the Indo-Pacific is vast and China in particular enjoys growing power projection capabilities, the vital interests under threat from enemy action all lie within the first island chain, where US strategy should emphasize denial.¹⁸ In the event of war, China and North Korea must be beaten on the beaches of Taiwan or at the DMZ outside Seoul, hence US security architecture must be a wall or bulwark from which defense, as well as “sorties,” are possible. The goal of this bulwark is ultimately to credibly protect frontline states and the United States against coercion by China; counter an increasingly emboldened North Korea; enhance conventional and strategic deterrence against the threat of military conflict over Taiwan, the Korean Peninsula, the South China Sea, and other flashpoints; and ensure that the Indo-Pacific remains free and open.

Long-term, this bulwark should deter the threat of armed conflict to provide the space and time for the United States and its allies and partners to “sortie” by favorably reshaping the region’s rules, economics, institutions, diplomacy, and geopolitics via non-military means. Importantly, however, deterrence is a two-way street. Efforts to boost allied capabilities will require careful signaling and diplomacy with the PRC and North Korea to mitigate the risk of unwanted escalation and an intensifying and looming arms race, including the prospect of increased nuclear capabilities.

Also importantly, an Indo-Pacific bulwark is not a copy of NATO. An Asian NATO with additional security guarantees would not be in either the US nor key Indo-Pacific partners’ interests. It is important

An Indo-Pacific bulwark envisions US-led efforts to progressively fill out and reinforce relationships on the frontlines in the first island chain and beyond.

to recall the short-lived failed experiment of the Southeast Asia Treaty Organization during the Cold War, which demonstrated that regional post-colonial sensitivities regarding hedging and strategic autonomy mean that collective security on the NATO model is a poor fit for the In-

do-Pacific. While this is still the case regarding legally binding mutual defense treaties, it does not preclude deepened multilateral cooperation and institutionalization for all security issues both traditional and non-traditional.

The United States should therefore foster relationships with allies and partners, because they become force multipliers when interests and capabilities are in alignment. Indeed, in recent years, the United States has pursued a “latticework” to evolve US security architecture away from its Cold War-era “hub-and-spoke” model.¹⁹ But, a lattice implies gaps, and the PRC and North Korea benefit from taking advantage of policy and political divisions between the United States and its allies. Closing these gaps is key to the bulwark concept. As

such, an Indo-Pacific bulwark envisions US-led efforts to progressively fill out and reinforce relationships on the frontlines in the first island chain and beyond. Importantly, this should be in ways that amplify our allies and partners' efforts and capabilities on the ground but do not necessitate the kinds of massive US military presence or financial commitments of the US-Soviet Cold War. These efforts could include, for instance, fostering improved relations between Japan and South Korea.

Recognizing that the Indo-Pacific is more suited to a flexible model of collective security, the United States should also continue to support a range of multilateral and minilateral arrangements at the region-wide level. Key arrangements for expanded support include the AUKUS, I2U2, the Quad, the US-Japan-South Korea Trilateral, the Squad, and other bilateral and trilateral groupings between US allies and partners. Importantly, these efforts should emphasize both traditional and non-traditional security. In a multipolar world where the revisionists states threaten US leadership across all areas of national interest—from economics to the cyber domain to international institutions—security conversations must consider non-traditional security issues as well.

At the same time, the US policy cannot be solely focused on traditional US allies and partners. South Korea and Japan both face significant demographic shifts from aging, while China is actively working to deepen partnerships with the emergent Global South. To build an effective bulwark in the Indo-Pacific the United States needs to deepen ties with new partners that share its values, economic interests, and security concerns, while also being open to the opportunity to build deeper relationships with states traditionally closer to China.

The United States should also actively reinforce existing regional institutions, such as ASEAN, the Indian Ocean Rim Association, and the Pacific Islands Forum. Although not always optimal or aligned one hundred percent with US interests, strengthening these groupings would help smaller countries to stand up for their collective interests against revisionist threats. Part of China's approach on issues like the

South China Sea is to isolate its opponents, betting that in a bilateral setting, its larger size and capacity will bring its interests to bear.

With the world remaining globalized, non-Indo-Pacific institutions and like-minded countries should also be encouraged to participate in areas of mutual interest. Notably, NATO has recently indicated its interest in playing a greater role in the Indo-Pacific, as have a variety of European countries that have territories and interests in the region. The United States should also encourage institutions like the G7, G20, and the multilateral development banks to increase their focus on the Indo-Pacific. These efforts will add value and depth to the Indo-Pacific bulwark. However, participation by extra-regional states should not come at the expense of security commitments in their own home regions.

Fundamentally, the goal of US security policy and a bulwark in the Indo-Pacific is a favorable balance of power, which means acquiring the capabilities and systems to raise the likely risk and cost to aggression in the minds of US opponents. When looking out across the water or over their land borders, Beijing, Moscow, and Pyongyang should see a capable, determined, and credible coalition standing at the bulwark ready to defeat, if necessary, any incursion. Only then will deterrence be restored. With China and North Korea having expanded their own capabilities and demonstrated growing intent to overturn US leadership, this will require closer coordination with likeminded allies and partners, including newer ones like India, Indonesia, and Vietnam. Likewise, it is in the US national interest to boost their relative defense capacities and work to ensure they either continue to hedge, or even lean, in the US direction.



Policy Recommendations for Congress and the New Administration

The following policy recommendations are designed to right the ship and to begin reshaping the Indo-Pacific in ways favorable to US interests in economic leadership and the balance of power. Importantly, it is increasingly clear that the formerly firm conceptual boundaries between economic, technological, and defense issues are no longer so clear.

- **Prioritize the Indo-Pacific over other regions.** Although the United States is a global power with global interests, it faces opportunity costs, policymaker distraction, and limited resources and budgets, particularly as its relative power declines in a multipolar system. In the security space, the most glaring example of overstretch is the munitions crisis revealed during the war in Ukraine.²⁰ Washington must therefore commit to the Indo-Pacific as the primary arena of competition and the future of US interest, including via investments at home to boost domestic manufacturing and production in critical sectors. In other regions, the United States may need to make hard choices and ask allies and

partners to contribute more to collective security to ensure a continued favorable balance of power in the Indo-Pacific. The United States must also take advantage of the fact that its key regional partners remain committed to further partnerships with Washington in pursuit of shared goals, namely continued regional stability and expectations for further economic growth.

- **Work to develop an economic structure that resets the chessboard in the United States' favor.** The most underdeveloped portion of US policy in the Indo-Pacific remains the economic and technological dimensions. While the US-Korea-Japan trilateral, AUKUS, and the Quad all have economic or technology dimensions, they are less developed than the security cooperation in each case—except for the Quad which has been reshaped from a security dialogue into an all-purpose platform. The Indo-Pacific Economic Framework (IPEF), the United States main economic component in the region, is of secondary importance in the region to the more robust Regional Comprehensive Economic Partnership (RCEP) and a poor substitute for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). If the United States joining a regional free trade agreement is not on the table, it should focus on deepening economic cooperation with India, Japan, and South Korea, expanding South Korea's connection to the Quad via a Quad Plus format, and finding a vehicle to deepen economic relations with Southeast Asia. The goal is to reshape regional economic dynamics away from China and toward the United States. India, which has become the world's fastest-growing major economy and will soon be its fourth largest overall, can be an especially helpful partner in this regard.

- **Redouble efforts to reinforce deterrence and acquire the capabilities to counter Chinese and North Korean aggression in the region.** This should include investments in and deployments of new and enhanced military capabilities, such as intermediate-range ground-based missiles, as well as continued efforts to rethink US force posture. Importantly, considering the PRC's expanded strike and standoff capabilities, US and allied forces must continue to disperse military forces within the first island chain. The Marine Corp's *Force Design 2030* provides a model for the future in the first island chain.²¹ Creative rethinking is ongoing, with related positive steps including 2023 expansion of the Enhanced Defense Cooperation Agreement (EDCA) with the Philippines and recent changes in the US-Japan alliance command structure and a new focus on Japan's Southern Islands near Taiwan.²² The overarching goal is to ensure US and allied forces are capable of deterring and defeating revisionist action, most critically in the Taiwan Strait.
- **Consolidate support for the Quad and commit to the president's attendance at each Leader's Summit.** The Quad has the potential to serve as the premier strategic mechanism for allied and partner strategy making and implementation.²³ As such, the United States should expand funding and more rapid implementation of deliverables, as well as an ensured US presence in all other high-level Quad engagements and working groups. Because of its utility as a mechanism to counter Chinese power, the Quad has received strong bipartisan support, with both the Trump and Biden White Houses working to strengthen it. Congress should therefore authorize and approve more funding in areas like maritime security, infrastructure, and humanitarian aid/disaster response, as well as direct the administration to provide biannual reports on the progress it is making in these

areas. Congress should also examine expanding the Quad beyond its current membership on an issue-by-issue basis via Quad Plus arrangements.

- **Foster bilateral and minilateral relationships between US allies and partners.** In particular, the United States should actively support bilateral and other engagements between allies and partners, particularly Australia, France, India, Indonesia, Japan, New Zealand, the Philippines, Singapore, South Korea, Vietnam, the UK, and others. The United States need not play a hands-on role in all these engagements—and several of these countries would likely prefer it not. It can nonetheless signal support for stronger linkages between these countries through exploring new trilateral and quadrilateral arrangements, ensuring high-level attendance at summits involving these allies and partners, and issuing statements of support when these allies and partners hold their own meetings or summits. The overall aim is to establish a bulwark in the Indo-Pacific of mutually reinforcing relationships, capabilities, and efforts that will both enhance defense capacity and deterrence against the revisionist coalition.
- **Look for opportunities to expand US development aid and investment in the Indo-Pacific’s developing markets.** China’s economic influence in the region is growing, particularly in Southeast Asia, where it has provided \$53.6 billion in aid between 2015 and 2022, while the United States only provided \$9.9 billion.²⁴ Private investment is just as lacking, with US firms only investing \$156 billion over the last decade in the Indo-Pacific, while Chinese firms have invested \$218 billion.²⁵ For many so-called swing states in the Global South, including those in South and Southeast Asia as well as the Pacific islands, the need to turn to China for economic development is precisely because there is no real alternative.

Although the absence of a regional free trade agreement means that offsetting China's spending dollar-for-dollar is unrealistic, the United States should endeavor to expand its offerings of development assistance and work with the private sector to grow US investment in the region. Existing institutions and mechanisms including USAID and the US International Development Finance Corporation (DFC) can play a greater role in harnessing the capital and interest of private US industries to encourage greater US investments into the Indo-Pacific. The United States should also partner with likeminded states such as India, Japan, and South Korea to pursue joint financing and other cooperative projects. The G7, G20, and the Quad are all solid mechanisms to enhance this cooperation for strategic effect. Congress should enhance funding for aid and loans to the region but make it contingent on US allies and partners also increasing their own contributions in the region. The United States and its partners should also ensure that it is clear who is responsible for the aid.

- **Take the lead in reducing regional economic dependence on China.** Under the current Indo-Pacific strategy the United States aims to reduce the vulnerability of US partners and allies in the region from Chinese economic coercion “through investments in democratic institutions, a free press, and a vibrant civil society.”²⁶ While these are important features for governments to make independent decisions, they do not directly address the source of Chinese economic coercion—Beijing's importance as a trading partner. Only by reducing the region's economic dependence on China can Beijing's economic leverage on the region be reduced. Pushing back against China weaponizing its economic hegemony can lead to opportunities to pursue collective economic security amongst countries across the Indo-Pacific, regardless of their levels of development or political persuasion.

- **Engage the region on developing common standards and norms for regulating platforms and technological integration.** The United States has taken significant steps to address the potential for China to conduct influence operations and gather US data harmful to national security with legislation. From measures to block the proliferation of Huawei technology within the United States and beyond, to force TikTok to divest, and to seek measures to ban the import of Chinese EVs due to data concerns, Washington has actively pursued measures to reduce Chinese advanced technology influence, as well as manipulation. However, these steps have been haphazard to date, and do not provide a comprehensive solution to curtail Chinese technology influence in the United States, as well as in the Indo-Pacific. The need to coordinate with like-minded countries to preempt China from defining the rules and standards of technology governance and data security is clear, and the window of opportunity to do so cannot be missed. To support common rules and standards in the region, Congress should provide the administration specific guidance on the objectives and negotiating parameters for technology and data issues.
- **Democracy and human rights remain important goals, but the United States should adopt a long-term, strategic approach to promotion.** US promotion of democracy and human rights has caused tensions with some US partners in the Indo-Pacific that resent American pressure. However, although Washington cannot afford tensions with Indo-Pacific partners, it does have an interest in democratic outcomes, especially when they are linked to key US interests. Corrupt, autocratic regimes centered upon small circles of entrenched elites are more vulnerable to Chinese or Russian influence than democracies.²⁷ Washington should continue to support democracy, civil society, and human rights while also prag-

matically engaging with regional governments, especially on economic development and investment. For instance, this can include linking stronger labor rights in Bangladesh to greater US investment opportunities, support for pro-democracy forces in Myanmar to efforts to offset China's growing influence there, and less Indian policing of the Internet to greater opportunities to draw major global tech firms to India from China. The United States must carefully "balance" support for values with its strategic interests,²⁸ with the recognition that this is a decades-long contest and ambition.

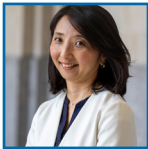
- **Invest in digital and other critical infrastructures in the Global South to ensure that US designed technologies are governed by US-based rules.** Due to the slower roll out of 5G in Southeast Asia,²⁹ the next administration has an opportunity to step away from a national security argument for excluding Chinese made 5G equipment in the region and take a longer-term approach focused on technological flexibility and economic growth. To do this the next administration should continue efforts to promote Open RAN, but with more focus on future flexibility and how flexibility can enable economic growth and innovation. It should also package a more economic approach to the deployment of 5G equipment with investments in the development of data centers in the region and firms developing AI applications. To achieve these objectives, Congress can hold hearings on how to best compete with China in the Indo-Pacific on digital infrastructure and DFC's overall FY2025 budget request of \$1 billion appropriately.

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