

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES (CSIS)**

**PRESS BRIEFING: PRESIDENT OBAMA'S TRIP TO GUAM,
INDONESIA, AND AUSTRALIA**

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ANDREW SCHWARTZ: Good morning and welcome to the Center for Strategic and International Studies. I'm Andrew Schwartz, vice president of external relations here at CSIS. And I'm joined by two of my colleagues, Drs. Michael Green and Victor Cha. And I just want to apologize in advance for bringing such lightweights on the issue of Asia to this briefing, but – no.

We're very fortunate to have two of the world's leading experts on Asia, both of who served in the former administration at the highest level of policymaking. And with that, I'm going to turn it over to my colleague, Dr. Mike Green who will give you, sort of, a scene setter as to what's happening.

MICHAEL J. GREEN: Thank you, Andrew. Thank you everyone. Victor and I both worked in the NSC and planned trips like the one the president is about to take and have enormous sympathy for our successors who are putting together this trip to Indonesia, Australia and Guam, especially since it got delayed, which – if you're the guy in the front lines dealing with these governments and trying to reschedule everything – is no picnic. And I imagine they're pretty busy and are pulling it all together quite professionally.

The trip was originally, of course, supposed to take place earlier, during the spring break at Sidwell Friends, so that the president could bring his – bring his family. And it was delayed, of course, because of the health-care debate, to March 18th. And so his family won't be going. Spring break is over; the kids have to go back to school. As a dad, I'm completely sympathetic with that too.

Indonesia is the – is, in some ways, the highlight of this trip, with all respect to our friends in Australia. In fact, the Australians, I think, would be quite pleased that the president is paying so much attention to Indonesia. It is a critical and pivotal strategic country, not only in Asia but in the Islamic world and in the developing world. And while the Clinton and Bush administrations invested in the Indonesia relationship, I think for U.S. foreign policy, it is a relationship that could do much more.

Indonesia is a pivot in the Islamic world. It is a successful example to both Asia that democratization can be successful and to the Islamic world that democratization can be successful. Indonesia has had direct presidential elections. Civil society in Indonesia, including NU and major Islamic organizations, have embraced democracy as a way to advance their agenda and to do it peacefully and within the constitutional provisions of the nation. So it's a success story for democracy – a lesson for the Islamic world, a lesson for countries like China in Asia.

Indonesia has also been successful in the war on terror. Just last week, they killed one of the terrorists responsible for the bombings at the Marriott hotel. I remember in 2001 and early 2002 after 9/11, in the White House, there were real questions about whether Indonesia might

end up being the next Afghanistan. And instead what has happened is the country has successfully held democratic elections, has built a credible counterterrorism capability and has actually rolled back Jemaah Islamiyah and other threats in the country.

Indonesia is also important in this larger question of East Asian integration and architecture. Indonesia is the largest country in ASEAN, the Association of Southeast Asian Nations, now a member of the G-20, founding member of APEC. So for an American strategy aimed at keeping the U.S. fully engaged in Asia, Indonesia is a really important partner. In many ways, I've heard people in the administration say that Indonesia will be for Obama what India was for Bush. It will be the big strategic relationship that they transform.

And they come into the trip with a pretty ambitious agenda – or at least, initially. And I'll get back to why I say initially in a moment. (Chuckles.) They'll announce a comprehensive – U.S.-Indonesia comprehensive partnership. The highlights are pretty thin, to be honest. And I think one of the deep concerns in the administration is that they're going on this trip and they don't have a lot of deliverables.

And when you're in the summitry business as Victor and I were, you want deliverables. You want agreements; you want breakthroughs; you want to use the president's trip to justify leaving Washington, to show the importance of the relationship through a series of concrete items. And for a variety of reasons, this trip is not – is going to be a bit thin on quote, unquote, "deliverables".

They will have an agreement on educational exchange, to modestly expand the Fulbright program. They are working on a very important agreement to expand military-to-military cooperation and education. The problem there is that Sen. Leahy has held up mil-to-mil exchange because he doesn't want to include Kopassus. Kopassus is the Indonesian special forces – the Green Beret. And in the past, they've been involved in some pretty bad activities.

So the administration is working still, I think – and it will probably go right down to the wire trying to convince Sen. Leahy to allow them to expand some military-to-military cooperation that would include Kopassus. And they'll probably have to compromise by sort of getting younger officers who were brought into the force after some of the human rights violations. Victor and I both have been, sort of, trying to take the pulse of this. And our sense is they have not yet worked it out. If they can, that would be a big deliverable.

They'd like to do more on economics, but unfortunately, I think the economic – bilateral economic agenda is going to be rather thin. You know, part of the problem is that the Indonesians themselves are just not ready and have not been able to step up and answer some of these deliverables. The Indonesian government has some capacity issues in foreign policy to begin with. It's a small foreign service. It's not been terribly active internationally. It's not been terribly active with the U.S.

And they're even more handicapped now because President SBY, President Yudhoyono, is embroiled in this scandal, this controversy over Bank Century, which is a bank which was involved in some questionable dealings, ran into trouble. There were charges that it was giving

money to Yudhoyono's political lieutenants. They ran into financial trouble and the government offered a bailout of the bank in the context of the current financial crisis.

And the problem is that the bailout was approved by Yudhoyono's vice president and some of the major economic reformers, precisely the sort of economic reformers who would be working with the U.S. to have a successful agenda for liberalizing the Indonesian economy, improving the environment for foreign direct investment. These same guys are implicated in this bailout of Bank Century.

And the DPR – the parliament last week issued a ruling saying that the president and the administration were wrong to bail out the bank. So there are – there is talk of impeachment, this huge scandal. SBY has become very cautious and his economic reformers are not able to mobilize the government to get agreements with the U.S. to open up investment and things. So the economic part is also a bit thin.

We're also, frankly, on the U.S. side, not terribly interesting right now in terms of trade strategy. The president hasn't advanced the U.S.-Korea free trade agreement in the Congress. We've said we're going to the Trans-Pacific Partnership (TPP) – which, by the way, does not include Indonesia.

It starts with four countries – Singapore, Brunei, Chile and New Zealand – expands to Vietnam and then we're in – Australia is interested. Indonesia is not in it. So there isn't much on our side that we're bringing in terms of trade liberalization in Asia generally. And there's not much we have on Indonesia. We could talk about that more if you like.

So for a variety of reasons, some of it timing, some of it scandals in Indonesia, some of it that we don't have a very ambitious trade strategy ourselves, the deliverables will be rather thin. And I think the White House is a bit worried about this. I would say, though, that this is one place – Indonesia – where the president's popularity really is an asset for the United States.

I think that the administration overplayed the president's biography in the trip to China and as a result, came up short. I think they've overplayed it elsewhere. But in Indonesia, President Obama is very, very popular. And his own history means that just the fact of a trip is going to advance U.S. interests even if we don't get these deliverables.

Briefly on Australia, it's the 70th anniversary of our diplomatic relationship. The Obama administration in many ways did not get the Asia it wanted. It wanted to continue building the U.S.-Japan alliance, but then it got the DPJ government in Japan – very populist, very hard to work with.

It wanted to expand and elevate U.S.-China relations, but then it ran into an outwardly confident, almost arrogant China and an inwardly insecure China dealing with its own leadership succession in 2012. And if you saw Wen Jiabao's comments, you can see how difficult China is. So he's not gotten the Asia he wants. And in Indonesia, of course, the big hope for a transformed, strategic relationship ran aground because of domestic problems in Indonesia.

But he got lucky in two areas: Korea and Australia with Lee Myung-bak and with Kevin Rudd. And the U.S.-Australian alliance has really benefited from a kind of synchronicity of our political biorhythms. You had Bush and Howard, two like-minded conservatives at the same time and then they both switched and you had two left-of-center multilateralist reformers in favor of aggressive policies on climate change, both very cerebral. So Rudd and Obama are actually very well configured for each other.

They will talk about a range of issues. I'm sure they'll complain. Both of them have been stymied by their senates – the Australian senate and the U.S. Senate – by conservative opponents who've blocked health-care reform and climate change. They have a very similar political set of headaches to each other. They have very similar views on climate change. Australia has been very helpful in the war on terror and in Afghanistan. The president won't get a significant increase in Australian troops for Afghanistan. I don't think he'll ask.

The one area where there's a little bit of – not disagreement, but a different temperature – is that Kevin Rudd is pushing this idea of an Asia-Pacific community – Australia's answer for the question of how you organize Asian architecture. And for the most part, the Obama administration has been kind of lukewarm about it. A little bit concerned that it might overshadow APEC, the Asia-Pacific Economic Cooperation forum which will be held in Japan and then next year in Hawaii. And I don't think the Obama administration wants anything to overcrowd that.

And partly because there's a little bit of not-invented-here syndrome. If the U.S. government didn't think of the regional architecture, then we're not that interested. So one thing to watch on the Australia trip is how they talk about Kevin Rudd's Asia-Pacific community concept. The Australian press and some Australian observers are saying Obama and Yudhoyono will endorse Kevin Rudd's Asia-Pacific community concept – which is very vague, by the way – but we'll see. It's sort of one of the things the Australian press will be watching.

Guam is the last – is the only other stop. And I think – my guess is Guam is a refueling stop, frankly. On these trips, you have always have to down – put Air Force One down to refuel. Usually you do it at a military base so that the president can meet with families and thank them, meet with the military officers. Guam is important strategically, but my guess is the stop is mostly to refuel. So that's a brief overview of the trip.

VICTOR CHA: The other place you could refuel is Japan – (laughter) – but that's not a very convenient place to stop these days, I guess. I think Mike covered a lot. Let me just add a couple of points. You know, Mike sort of finished by saying how this was in the Asia that they didn't expect. The other way of looking at this is, you know, they tried Asia one way in year one and now they get a do-over. Right? And they're doing it over again.

The first year, the focus was on China. You know, China was – as the President said at the – in the speech in Japan in November, China was central to the U.S. global agenda. It was really all-out engagement. And that kind of didn't work out very well. Right? And then the other area they were really focused on was opening the unclenched fist to countries like Cuba and, in Asia, North Korea. And they got – in return for that, they got a missile test and they got a

nuclear test. And then the unexpected thing they got was Japan. The domestic change in Japan and a lot of the issues that came up there.

So that was year one and, sort of, year two now is the do-over year. They're trying it a different way. We can talk about this. Tensions with China are rising over a number of issues. Clearly, on North Korea, a very different track with sanctions being the prominent aspect of the policy right now. You know, a very major preoccupation with Japan in terms of the new government and how they're doing this – the realignment in the overall feature of the alliance.

And now they begin with the big piece of Asia being this trip to Southeast Asia and the South Pacific. Very unusual. Very unusual. I can't remember the last time a U.S. president made a trip to Southeast Asia, you know, only to Southeast Asia when there wasn't an APEC or something like that going on. I mean, I can't remember the last time that has ever happened because usually it's always to Northeast Asia. So I think this is, sort of, they're trying to do it over.

And you know, one of the things they're clearly playing on is this notion that a trip like this really demonstrates how the United States is really an Asia-Pacific power. In the beginning, in the first year, they talked about how this was the first Asian president of the United States because of his upbringing in Indonesia. So you got a lot of rhetoric like this. This trip is really trying to put actions to words, trying to really show – because it is such an unusual trip to take – that this is really where the rhetoric of the Asia-Pacific president turns into action.

I think regardless of how many deliverables or lack of deliverables we tell you about or when they brief you they will try to tell you about – no matter how many times people try to spin you – I think overall for many of you, the story of the trip is homecoming. President's homecoming. And the fact that he's doing this at such a critical time here in terms of the domestic politics of health care. And I can certainly understand that.

I guess the one thing I would say is, you know, when we planned these sorts of trips and you try to figure out when is a good time to take the president and his entire tail to Asia for a week or 10 days – because if you include refueling, it ends up being that long – and the answer is, there's never a good time. It's like family planning. There's never a good time to have your next child. (Laughter.) So there's never a good time to do a trip like this.

And obviously, many would argue that this isn't a particularly good time. But I mean, I think in terms – if we think about it from our perspective, sort of the U.S. in Asia, it is a very important trip because half the battle with regard to U.S. standing in Asia is signaling. And what you're seeing – if the president goes at this particular time when there are a lot of issues, admittedly, on the table here at home, that is signaling something to Asia, that the United States really is an Asia-Pacific power. And it's not going to let China sort of completely dominate every aspect of this region. So I think that's an important thing.

And one of the things I would like to watch carefully is sort of China's reaction to this trip because this really isn't – as Mike said – there isn't a whole lot of policy deliverables, yet

he's taking this trip. And in many ways, that is Chinese diplomacy. Right? The Chinese are very good at having big – you know – big trips where not a lot happens, so – (laughter).

The last thing I would say about these two particular stops is we always talk about how there's a new agenda for the 21st century. And this trip in many ways, I think, exemplifies the new agenda because these two countries again are not countries you would normally think of as the first stops or even any stops on an Asia-Pacific swing, yet they're the two main ones. And in many ways, they're two countries that really represent, sort of, the new agenda. The new 21st agenda. Both countries, as Mike said, are a member of the G-20 for different reasons.

In terms of the global war on terror, big 21st century agenda item, Australia has had a reputation for – established a well-deserved reputation for punching above its weight, both in Iraq and in Afghanistan. And as Mike said, there's some issues potentially with regard to Afghanistan. And Indonesia is absolutely critical to both the fight against the global war on terror but also preventing the growth of terrorism in Southeast Asia.

On climate change, Australia is a key country in Copenhagen. And Indonesia really represents, sort of, the developing country commitment to this global climate change agenda. There's a big debate between the developed and developing countries on this. And Indonesia is trying and therefore very critical to that movement.

And the last thing, which I think can't be overstated, is this whole question of Indonesia representing this combination of tolerance, democracy, a moderate Muslim democracy – there are not many of those around – and the fact that the president will go there. In many ways, it's a shame that he's not going with the family because pictures of the president and the kids visiting sites and things – those pictures can probably do more to help reframe the discussion and the discourse on Islam than 50 speeches that the president might give. But in that sense, that's kind of a disappointment.

But I still think he's there. He's visiting these sites. If he's speaking in the native tongue – which he can do, if he needed to, I would assume – these sorts of things will go a long way in terms of reframing the discourse on Islam. So with that, Andrew, I think –

MR. SCHWARTZ: Great. We'll take your – (off mike).

Q: Does this work? Okay. I'm Sabine Muscat of the Financial Times-Deutschland here in Washington. You mentioned trade briefly. And I would like to ask you to expand on that a little bit. The president has basically affirmed his commitment to trade in the Asia-Pacific. He wants to use this trip as a way to show that he is committed and he's engaged.

So with regard to first the TPT (sic) but also his expert promotion initiative, how realistic is it that he can first convince the world and second, maybe even bring the message back home that perhaps ratifying the outstanding trade agreements would be a good idea. How can he use this trip to be back on the stage on trade issues? Thank you.

MR. GREEN: I should first advertise for CSIS and mention that Gary Locke – we've invited Gary Locke, the commerce secretary, to give a speech and he's going to be here Wednesday morning at 10:00, I think, at CSIS to talk about the administration's Asia-Pacific trade strategy.

The president, beginning with his trip to Asia for APEC in November, began talking about trade, particularly in Asia. And then in the State of the Union, he had a brief reference, saying if we don't join these free trade agreements, we'll be left behind. That's the good news.

The bad news is that the – for example, in the State of the Union, after saying, if we don't join these free trade agreements, we'll be left behind, what came next was a non sequitur. And he didn't explain how he was going to get these free trade agreements through the Congress. He didn't ask the Congress to support them.

And I am quite certain that Kevin Rudd of Australia is going to privately, if not publicly, urge him to move on trade because for Australia, which depends on an open trans-Pacific marketplace, the American lack of movement on free trade right now is deeply problematic. The administration has – and the president has said he would like to get the U.S.-Korea Free Trade Agreement (KORUS) to the Congress this year. And he has said that he would – engage is the word – engage in the Trans-Pacific Partnership negotiations.

The problem is – there are several problems. One is, to do TPP, to actually participate, the administration has to get from the Congress trade promotion authority. And to do the KORUS, they have to get the Congress to pass the free trade agreement with Korea. And there's a real question about whether the president still controls his caucus enough to do this.

And where it will rank in priority compared to health care, climate change, education reform and stimulus packages. And my guess would be – and I think probably the conventional wisdom in town is – not – the administration is not going to try to do much, frankly, on the legislative side, before the midterm elections. And people in Australia and Asia will know that.

So how much time do we have before Asia starts creating preferential free trade agreements and we get left out? We probably have a few years. So the president can let the wheels spin politically for a year on this. But if by the end of his term, we're not actively and credibly engaged in some of these free trade arrangements, there will be things like Korea-EU free trade agreement, ASEAN-India and so forth. And increasingly U.S. business will find that they're dealing with disadvantaged positions. And it will be particularly hard to promote exports the way the president wants to unless we're engaged.

So right now it's a game of rhetoric and what isn't happening is action on the ground in Washington. The rhetoric has been late in coming, so that will carry us for a little while, but sooner or later, I think there's going to be a credibility problem. And again, it probably won't move until after the midterm. And then we'll see what happens.

MR. CHA: Well, I would – I give the administration a little bit of credit. When they started out, completely nonexistent on trade. Completely nonexistent. President went to APEC

in November. You know, APEC countries make up 44 percent of global trade – totally nonexistent trade policy. Every leader he sat down with asked him, what's your policy on trade? And then, Major, you interviewed him in Seoul and you pushed him really hard on the KORUS FTA. I remember the interview. You had it down before – after the November election, so –

And then they started changing. And you saw in the State of the Union speech, he had this export promotion strategy. So I give them credit for that. Having said that, this trip is not going to do anything to help him on trade. If anything, it's going to expose how vulnerable they are on trade policy because, as Mike said, they've talked about TPP, Trans-Pacific Partnership – Indonesia is not part of the TPP. To do any of this, the president has to request trade promotion authority from the Congress. He's not made that request yet. It hasn't even come up as far as I can tell.

And as many of you, ASEAN represents – not just Indonesia, but all of ASEAN – represents the fourth largest overseas market for the United States. And the U.S. invests three times as much in ASEAN than it does in China. So this is going to all show that there really is a lot of talk about trade, but there isn't a whole lot of substance.

But I think it's – but again, I give them credit because he came out in year two and really has sort of put trade on the agenda in a way that many of us in year one were wondering where they were on trade. This was just a glaring whole while all these free trade agreements were being negotiated. The Koreans negotiated the EU FTA, then the FTA with India, just leaving the United States behind. So again, I give them points on making the turn, but this trip is not going to help them on the trade front.

MR. SCHWARTZ: Questions?

Q: Hi, I'm Julie Pace from the AP. You mention tensions in Australia on Afghanistan. Could you sort of lay out what the public sentiment in Australia is right now with their involvement in Afghanistan and if we can expect any changes in the coming years in their involvement there?

MR. GREEN: Australia's strategy for both Labor and Liberal – left of center and right of center governments – has been to support the neoliberal order internationally. And that meant up until, basically December 7, 1941, supporting Britain primarily and then, after that, making sure that U.S. preeminence is sustained. And as part of that strategy, Australia has gone into almost every fight the U.S. has been in with us.

And they've gone in, as they put it down under, at the pointy end of the spear. They haven't waited to be asked. They've stood up at the beginning, often in Iraq, in Afghanistan, some of the earliest forces are Special Air Service, are Australian F-18s. Their whole army is smaller than the U.S. Marine Corps, but they're extremely capable. And their philosophy is, we'll go in early, we'll take high risk. We don't do the cleanup. We don't have the numbers for that.

So that's what they've done in Afghanistan. And they have somewhere, I think, just south of a thousand boots on the ground, which is pretty good. I don't think they're going to significantly increase that. I don't think there's an expectation that they will. The Australian public polling I've seen – I haven't seen it in the last month or so – but a few months ago, it was very similar to the U.S. It was sort of evenly split about Afghanistan.

But it's not the kind of thing where the prime minister – where Rudd has any major problem. The opposition Liberal Party headed by John Howard was in at the beginning and they support him. And within the Labor Party, most of his caucus supports him as well. So he doesn't face the kind of pressures that some other allied governments in NATO do.

Q: Thank you. My name is Kim Iro (sp) with Japan's Kyodo News. Dr. Green, you said his stop at Guam is just a refueling. But at least Japanese audience (will ?) try to look into some implication here, since the Guameese are part of realignment problem. And this is the cause of tension between the Japan and U.S. government today. You don't expect any significant by Mr. Obama like calling for Japan to implement the original plan of realignment?

MR. GREEN: I haven't seen – the White House hasn't briefed the details of the trip. I don't know if – maybe you know, Victor, if he has a speech planned in Guam. My guess is – does he?

MR. CHA: (Off mike) – military.

MR. GREEN: My guess is that he's meeting with U.S. forces and their families. That's usually the pattern that one would expect, whether it's in – you know, a stop in Alaska or Osan Air Force Base in Korea or Camp Bondsteel. So it's possible in that context he'll say something about the relocation, it's true. And that'll be big headlines in Japan.

Guam, as you know under the U.S.-Japan Realignment Agreement, the U.S. agreed to move about 8,000 Marines from Okinawa to Guam, which would just basically cut the size of the Marine Corps in Okinawa in half and reduce a lot of pressure on the Japanese citizens there. The Marines agreed to do this, even though there was some concern in the Marine Corps about splitting the force operationally because the strategic payoff was worth it because they thought that would get them a durable, long-term, credible presence in Okinawa. And they wouldn't constantly be facing these pressures.

But the condition the Marines had and the U.S. Congress was that Japan would build this new base for the helicopters at Henoko, this offshore base. And that is what – Futenma – that Marine Corps station in Futenma – is now what is at issue. I just came back from Japan. And it is just not at all clear whether the Hatoyama government is going to be able to implement that agreement and build the new base – offshore base at Henoko as promised.

And if they can't – if the government can't do that – if it's unable or unwilling to do it – then the move to Guam could be in peril because that base was the condition for moving the Marines. If the Marines can't get that base, then operationally the cost is too big. It's not worth it. And the Congress will support them on that. So given the declining popularity of the

Hatoyama government and public opinion in polls in Japan saying that he's mismanaging the U.S.-Japan alliance, whatever the president says about Guam will be big news in Japan.

At most – remember he'll be speaking to families, he'll be speaking about their service and sacrifice – at most, I can't see him going beyond what Secretary Clinton and others have said, which is we think that the plan is the best plan and expect the Japanese government to move forward with it. I don't think he'd make any news. But I'm sure whatever he says – even if he moves his left arm a little bit – it'll be big – (chuckles) – big news in Japan because Guam is so critical.

MR. SCHWARTZ: Margaret.

Q: Thanks. Margaret Talev, with McClatchy. So what the president has been doing on these foreign trips is in the most important that he goes to, he'll always give a big speech and we'll expect him to do that in Indonesia. How do you think that might be different from the speech he gave in Cairo?

And since Indonesia is such a big country, I don't know that much about their posture toward the war in Afghanistan and where they stand. Can you talk about engaging Muslim nations in the Afghanistan fight? I have a final quick question about U.S.-Australia relations. Can you talk about to what degree there's tension over China in the U.S.-Australia policy? Thanks.

MR. CHA: Well, first on the degree of tension in U.S.-Australia relations. I mean, you know, with John Howard it was fairly clear. I mean, for John Howard it was, we have a very good economic relationship with China which is very different from your economic relationship with China. But strategically we are on the same page. Strategically, the United States and Australia are on the same page with regard to China.

Rudd came in and there was this view that he was a Sinologist and that he was going to therefore tack way in the direction of China. And I don't – you know, I think that was sort of the initial sense, but I don't know if that's really the way he is. I mean, if anything, the more you know China, the more you see all the blemishes and the flaws, as with any country.

And I think, what we've seen constant is clearly the economic relationship with China continues to – continues to grow. I think Rudd has certainly been much more active than his predecessor in terms of thinking about regional frameworks in Asia that involve China as a very central part of it. And ideally he'd like to see the United States as another central part of it. But I think in the broader scheme of things, the Australians don't feel as though China will become their future strategic partner. It's very difficult to imagine that.

And in fact, in most of Asia, in the work that Mike and CSIS has done, while everyone acknowledges China's importance economically in the region, when it comes to strategic issues or who you think your main strategic partner is 10 to 15 years, for the most part, they all poll in the direction of the United States.

On Indonesia in terms of the speech, I – he's going to give a speech to the joint session, I guess, the parliament in Jakarta and maybe another speech at an undisclosed location. You know, I get the sense – while we talk a lot about sort of the whole Muslim democracy thing, I get the sense they're not trying to play that up on this trip.

And they're going to let the pictures speak for themselves. When you talk to folks who have been organizing this, they just don't seem to be playing – to be playing this up. I think they prefer to not, sort of, try to put that as the banner headline because you just never know how that's going to play. So tactically.

On how – I don't know, maybe Mike can speak to this better – I can't really say on how – where Indonesia stands in terms of Afghanistan or Iraq. I mean, they've been very cooperative in Southeast Asia on issues of the global war on terror. But Mike?

MR. GREEN: Afghanistan – Iraq, Afghanistan, Guantanamo, the whole package is unpopular in Indonesia, as it is in virtually every predominantly Muslim nation. And there will be protests. There will be people who will actually be threatened by the fact that President Obama is popular in Indonesia.

And they'll want to counter the public images of him as a, sort of, son of Indonesia with propaganda saying, well, look what the Americans are doing in Kandahar and look at Guantanamo Bay still hasn't closed. And you'll see efforts to undermine the trip by elements within Indonesian society and politics who are angry about Afghanistan, but also cynically trying to undermine a more internationalist Yudhoyono presidency. So there will be protests if you want to see them.

The speech was supposed – this Cairo speech he gave was originally supposed to be given in Indonesia in March, I think, last year. So it's a good – Victor raises a good question: How much will they continue to talk about that theme? My sense is the intellectual case is going to be less compelling than the images of an African-American president who grew up in Indonesia and just the effect of that canceling out the anti-American message that others will try to convey.

And that's why I was saying, unlike China and unlike some other areas where the White House was expecting too much from the president's biography and got very little in return, in Indonesia, it's actually a real asset in that sense.

Australia – you know, people were worried that Rudd was going to be the Manchurian candidate because he spoke Mandarin and the rest. I've met him a number of times. He used to come around to the White House to see us when he was the shadow farm minister. And he'd spend an hour or two talking about China. He is no – (chuckles) – panda hugger. He's quite a realist.

And in fact, Chinese public opinion – excuse me, Australian public opinion about China has taken a downward turn in the last year or two because of some very aggressive Chinese reactions to things like the Uighur leader Rebiya Kadeer trying to go to Australia at a film

festival that featured movies about the Uighurs in Xinjiang and a variety of other things – business – arresting Australian businessmen. Australians are making a lot of money off of China, but public opinion has definitely soured.

And I'd say that is one important context for this trip we probably should have mentioned at the beginning. What you see in U.S.-China relations now – for example, in Wen Jiabao's statement yesterday in his press conference accusing the U.S. of protectionism and so forth. That kind of hubris is very much the face that China is currently giving to Australia, Indonesia, Singapore, Korea.

Japan is a bit different. Japan now because of the Hatoyama government and Ichiro Ozawa's big trip to China with 600 followers – towards Japan, the Chinese are playing it very carefully. But in their interaction with Singapore, Cambodia, much of Southeast Asia, Australia, the Chinese are being quite forceful.

And also trade patterns with China are not moving the way a lot of governments in the region would like. After the financial crisis, the Chinese economy has grown well, but Chinese imports of consumer good have decreased markedly. So there's a real disappointment with the china market as well. In fact, the Indonesian chamber of commerce called on the government to reconsider further implementation of the ASEAN-China free trade agreement because they're so frustrated with the China market.

So the kind of things you see with us with Google and the renminbi and the – they're playing out in Asia as well. So the president, in that sense, has a very welcome and open reception ahead of him when he goes to places like Indonesia and Australia.

Q: Thank you. Jim from The Straits Times. Two quick questions on Indonesia. Is there a sense as to what Indonesia wants in this new relationship – in its relationship with the new administration? Precisely what is its agenda with the U.S.?

And second, this comparison with India, Mike, that you mentioned earlier – but unlike India, Indonesia doesn't seem to have the same kind of hot power assets and there doesn't seem to be a really critical or significant area of cooperation, as in the case of nuclear cooperation with India. So isn't it a problematic way to think about the relationship in this way?

MR. GREEN: Indonesia is not India. And I think what is possible is more limited in the case of Indonesia. India had strategic ambitions, internationally, coming into the relationship with the U.S. during the Bush administration, that were far greater than Indonesia's. India inherited from the British, you know, Lord Curzon's great game – from Calcutta, as he manipulated the other powers – a very, sort of, strategic, realist, chessboard-game view of the region. And the Indians have very self-consciously inherited that Curzonian big-player strategy. And Indonesia (sic) aspires to be a major power.

So the strategic culture and the history are very different from Indonesia, which inherited a Dutch tradition, which is in some ways more modest strategically. The Indonesians, you know, holding together their archipelago, have a much harder time than India in many ways. So there

are limits. If there's anything comparable to the U.S.-India civil nuclear deal, it would be military-to-military.

And the Bush administration – believe me, I was in the middle of it – took a lot of heat and pulled out a lot of stops to get the U.S.-India civil nuclear deal through the Congress. And I think Indonesians will be watching to see if the president can get an upgraded military-to-military relationship with Indonesia through. That's, for the Indonesians, the moral equivalent, if you will, and it's still in play. We'll see what happens. I think it'll go right down to the wire.

MR. CHA: You know, your question is a good one, because what does Indonesia really want? I think it's fairly modest what they want. They want to be paid attention to. For them to be a member of the G-20 was a big deal. I think that was huge for them. But aside from that is, you know, as we talked about earlier, they have lots of internal problems right now. This Bank Century thing is just a big problem for them. You know, the word on the street was, when the trip was postponed by a week, the Indonesians were all, like, whew – because they were so far behind.

The other thing they've always wanted, and they clearly want, is more development assistance, investment. And again, on the economic side, we're just not going to see this on this trip. And then, I think, the view on more enhanced cooperation on the military-to-military side – I think that's shared on both sides. I think both sides feel as though this is very important, and these ideas of trying to work with Kopassus, but with the younger folks is a – you know, people are trying to push these ideas because this is a military-to-military relationship that benefits both sides strategically. And it is hampered by some legacy issues.

You know, the idea of trying to transform the U.S.-Indonesia relationship, of course, is not new. We don't want to claim pride of authorship, but after September 11, Indonesia was sort of critical in the Global War on Terror, but was also very critical because the Bush administration only focused on the Global War on Terror. And it was really after the tsunami in 2004 that there were attempts to really start transforming the relationship. So actually the last trip – this exact itinerary that was done by a U.S. official was Secretary Rice.

And I went with her on that trip, both to Indonesia and Australia, and again, the major story for you guys at that time was the transformation of the U.S.-Indonesia relationship, and her standing next to Elmo, because the education initiative was Sesame Street. I guess people don't remember that. (Chuckles.) And then the other aspect of it was, of course, Australia, and the whole question of the relationship with China – where the United States and Australia stood on the relationship with China.

MR. GREEN: You asked what Indonesia gets out of this. One interesting parallel with India was, Manmohan Singh, as prime minister of India, was using this strategic relationship with the U.S. in part to change the trajectory of Indian economic and foreign policy – to move away from nonalignment, to encourage a more inviting foreign direct investment environment, more technological cooperation, and to really harness India to U.S. power to pull it up, because China was moving ahead economically and strategically.

There are some parallels. I think Yudhoyono and his cabinet, which has some reformers, would like to use, in some ways, the U.S. relationship. But with this bank scandal, those same reformers are now on the defensive, and Yudhoyono himself is less of a risk-taker than Manmohan Singh. And so, in some ways, it may be a lost opportunity for Indonesia too. They have a real chance here to, sort of, seize this and win some credibility with international investors in the international community. But Victor's point is an important one. You know, Rice went. This is not the last stop in building U.S.-Indonesia relations. It's symbolically important, and hopefully more will follow.

MR. SCHWARTZ: Questions?

Q: François Clemenceau with Europe 1 Radio. What do you expect from the Bali part of the trip, specifically on the antiterrorism effort?

MR. CHA: It's a difficult question to answer. They've, you know, kind of kept very closely guarded a lot of the details of the trip, for security reasons. All I can tell you is that somebody really wanted Bali as part of this trip, and I don't know if it was for the terrorism part. (Chuckles.) But someone certainly wanted Bali as a part of this trip. I mean, he's scheduled, I think, to meet with NGO's, and he's supposed to do another public speech at some venue, but I don't have any other details.

MR. GREEN: The only thing I'd add is –

MR. CHA: In addition to the parliament speech.

MR. GREEN: In terms of security, Bali is the easiest part of Indonesia to work in. And for the Secret Service, I'm sure. I mean, that's where President Bush went too, and it's easier from a security perspective.

Q: Is it a good place to talk about terrorism?

MR. GREEN: Yeah, absolutely, because of the two terrorist bombings there. And in general, it's a good news story about Indonesia's efforts against terrorism. In 2001 and '02, and into 2003, you know, the Indonesian police had a very small counterterrorism unit that was under-resourced. They were mostly Christians from Bali. Abu Bakar Bashir, the spiritual and political leader of Jemaah Islamiyah, was released by the Indonesians. There were some real questions.

And the Australian federal police and the FBI, our FBI, really spearheaded an effort to slowly build capacity and support inside of the Indonesian police. And they've been quite effective, as you've seen in recent arrests and killings of terrorists. And Yudhoyono's responsible for that, so in some areas he may disappoint because of his political situation, but he's taken some risks on that front and he's been effective.

MR. CHA: And that's the sort of cooperation that was allowed under the Leahy Act. They can do that sort of cooperation, but anything beyond that can't be done under the Leahy Act.

MR. SCHWARTZ: Questions?

Q: (Inaudible.)

MR. GREEN: Well, Victor and I have both done these trips with a different president, and, you know, the chief of staff usually goes. I assume Rahm Emanuel's going. And on these long flights on Air Force One, the president has a virtual West Wing on the plane, and can conduct all his normal business. And so I'm sure they'll be talking about politics, and we'll see where health care is, but if they're still counting votes, they'll be counting votes.

The one good thing about these flights, though, is that it advantages the internationalists – the NSC, the State Department rep. They have a lot of face time with the president on these trips. I can't prove it, but my suspicion is that the trip to Japan, Korea and China in November yielded some more positive words on trade, in part, because the national security advisor, the Asia senior director, the assistant secretary of state all had time with the president to talk through strategy in Asia, and capture him for hours at a time thinking about our interests in Asia – getting him out of the Beltway bubble.

So it'll be a distraction, but will it change the trip? I don't think so. Will the press report on it in the region? My guess is the Indonesian press much less so – Indonesia doesn't have a major media presence in the U.S., but Australia does. So there'll be a lot of Australian press reporting, in part because Rudd and Obama are living the same nightmare, with a conservative senate blocking their reforms. And the parallels will be – you know, you've been in media – the Australian press will be all over those.

MR. CHA: You know, I think absolutely what Mike said. The other thing is that these trips – when you do these long trips, and you're on the plane for that, there's actually a lot more time. Because you're not being nickled and dimed by, no offense, but a media thing here or a fundraising thing there. I mean, it's all his time. It's all policy time, as we used to say on the inside. This is all policy time, whether it's domestic or international policy. And, you know, these days it's a 24-hour president. He can operate from almost anywhere.

The other thing, I think, that's good about doing this trip in spite of the fact that healthcare issue is so much in everybody's mind, is that – I don't think that Congress should dictate the president's travel schedule. You know, they shouldn't say, this is not a good time for you to travel, right? And some members of Congress said that last week. And I don't think that's very helpful to this or to any president.

(END)