

now the United States and Japan are disagreeing on issues that probably account for less than 1 percent of our total bilateral trade. Both sides need to look to the larger strategic and economic picture. Japan should build on deregulation under way in the agricultural sector to sell TPP at home, and the White House needs to make the case politically not only for opening Japanese markets, but also to demonstrate to U.S. trading partners that President Obama is willing to fight for necessary Trade Promotion Authority (TPA) against opposition in his own party.

As a treaty ally of the United States, Japan naturally welcomes a sustained U.S. presence in the Asia-Pacific region and wants to be a partner in realizing the objectives of the rebalance. This is evidenced by an interest in expanding the parameters for bilateral security cooperation and setting standards for regional trade. Translating these shared strategic interests into action will prove important in terms of demonstrating Japan's leadership capacity and a sustained U.S. commitment to the region despite a plethora of foreign policy challenges elsewhere. ►

## Recalibrating on China

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**Sustaining the rebalance into 2015 will require crafting fresh approaches to managing the bilateral U.S.-China relationship while reassuring the region and encouraging Chinese leaders to understand Washington's abiding commitment to Asia without further exacerbating Chinese suspicions over U.S. intentions.**

On overall strategy, the administration needs to acknowledge more honestly that President Xi Jinping is not responding to the heavy dose of traditional U.S. messaging and cueing on maritime tensions and other security sore spots—or at least not in the way Washington would want. This does not require U.S. acquiescence to China's new policy tack, but it should give U.S. policymakers pause and a desire to reflect on whether—and how—U.S. actions may need to be recalibrated to deal with this dilemma.

At a more tactical level, the United States must not miss the opportunity afforded by the round of summits taking place in Asia in late 2014. China's tone has become noticeably less shrill, especially when it comes to relations with its regional neighbors. Whether it be Xi's successful trip to India or the steady—if still sub rosa—shift toward less antagonistic relations with Japan, it is obvious that Beijing is on at least a mini charm

offensive. As a still relatively untested ruler on the world stage, President Xi is keen to show off his foreign policy acumen in playing host to all of the region's most important leaders at the APEC summit. Skillful U.S. diplomacy will seek to mold that instinct into an impetus for shaping the regional environment to sustain the warming trend in the coming year.

Above all, operationalizing such a strategy with China requires putting most of the administration's energy into advancing the economic and other nonsecurity elements of the rebalance. Given the seeming intractability of many of the security challenges in the relationship, emphasizing these other areas offers the best chance for developing the mutual strategic trust needed to move toward common ground on thornier issues. The following three pillars would seem the most sensible policy tools in undergirding such an approach:

- Use the APEC and reciprocal Sunnylands summits to get the relationship back on track. Many Chinese strategic thinkers believe the

summit marks a critical juncture for shaping the trajectory of bilateral ties in the remaining years of the Obama administration. This year's Strategic and Economic Dialogue failed to act as a policy springboard for paving the way for a successful summit. Instead, it released a relatively bland series of pronouncements that, after the summer in both capitals and an intense focus early in the fall on critical domestic events in each country, leaves precious little time to think about policy solutions for elevating the relationship. Along with progress on climate change and counterterrorism, the administration should seek to disarm Xi with an unexpected gesture of support, such as endorsing China's proposed Asian Infrastructure Investment Bank, or at least dropping our clumsy efforts to undermine it.

- Put more energy into the Bilateral Investment Treaty (BIT) negotiations. President Xi and Premier Li Keqiang took a substantial domestic political risk in endorsing the BIT at last fall's



watershed Third Plenum. The United States should more clearly articulate its appreciation of that gesture with greater activism while simultaneously pushing the Chinese negotiators to shift from aspirational enthusiasm for the treaty toward detailing real concessions the Chinese side is willing to make. The BIT also represents the best mechanism for the United States to affect the trajectory of China's economic reforms, which has critical implications for the more challenging business environment U.S. and other foreign firms currently are grappling with in China.

- **Get TPP done.** The rebalance can have no credibility in the region without the TPP's successful conclusion, because the pact reflects the crystallization of the policy vis-à-vis China. It reassures U.S. allies and partners that they need not focus exclusively on the pull of China's economy while also providing a vehicle for those in China who acknowledge that, like China's World Trade Organization accession more than a decade ago, TPP may provide a more politically palatable pathway for making the difficult changes at home that Chinese leaders agree they must enact for their own prosperity.

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Despite concerns about Washington's implementation of the rebalance, the United States is well positioned to lead in Asia. Decades of U.S. engagement have enabled Asia's economic growth, security, and the spread of shared values. Today many regional states look to China to drive economic growth, but they rely more than ever on the United States to guarantee regional security. For this reason, it is critical that regional allies, partners, and competitors recognize and acknowledge that the United States is a Pacific power with the ability to carry out its rebalance strategy.

Implementing the rebalance will require that the United States maintain its longstanding political relationships, robust economic ties, unparalleled military capabilities, and shared values with most regional states. Although the perception in Asia is that the United States and its rebalance to the region have lost some steam, 2015 provides an opportunity for Washington to demonstrate that U.S. engagement will not only continue, but will grow. ►