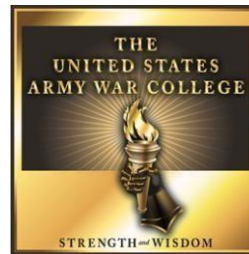


Strategy Research Project

An Innovative Trans-Pacific Strategy: Integrating Latin America-Caribbean into the Asian- Pacific

by

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United States Army



United States Army War College
Class of 2015

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**An Innovative Trans-Pacific Strategy: Integrating Latin America-Caribbean into
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Abstract

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China's expanding influence into the LAC region along with growing Asia-Pacific and LAC relationships present challenges to the U.S.. The complexity of the relationships between LAC and Asia-Pacific governments, to include China, suggest the U.S. rebalancing to Asia strategy is inadequate to address the cross-regional impacts. This paper explains political, economic, and military impacts and proposes a broader Pacific solution that links LAC into the U.S.' Asia rebalancing strategy. The political relationships between LAC and Chinese governments can undermine U.S. values of democracy, human rights, rule of law, and international norms. China's soft power through economic statecraft increases their influence by providing trade and investment alternatives other than U.S. options. Increased cross-regional trade flows are also creating integrated supply chains. Last, Chinese arms sales, training exercises, and military education exchanges provide revenue and support their military modernization in Asia. These factors create one integrated problem, not two separate ones. Without a broader Pacific strategic option, the U.S. regional approach to the Asia-Pacific will result in reduced access to markets and future strategic risk to U.S. influence in both regions.

An Innovative Trans-Pacific Strategy: Integrating Latin America-Caribbean into the Asian-Pacific

The rise of Chinese power in the Asian-Pacific and Latin America-Caribbean (LAC) regions challenges U.S. interests and the developing relations among U.S. allies and partners. The U.S. strategic focus principally on the Middle East since the end of the Cold War has facilitated Chinese political, economic, and military expansion from the Pacific into the LAC region. A new global economy has also opened up opportunities for LAC growth and development with China and governments of the Asian-Pacific. Some LAC countries have responded with commitment to China in terms of economic trade and investment. In addition, some LAC governments have pledged international political support for Chinese interests, arms sales, and military training and education cooperation. These developments challenge U.S. strategy because China's increasing presence in both regions is arguably part of an intensifying competition between China and the U.S. This cross-regional interdependency creates one integrated problem rather than two separate regional ones, which indicates that the U.S. rebalancing in Asia strategy does not sufficiently address the impacts on U.S. interests.

The growing cooperation between LAC and China presents political, economic, and military challenges that call for the incorporation of LAC into a broader Pacific strategic option. "The principal strategic imperative for the United States historically has been, and continues to be, LAC's geographic and economic connectedness to this country."¹ First, the U.S. cannot lose sight that different political interests of the U.S. versus China can create tension and instability and deny U.S. access in both regions. Second, extensive trade and investment agreements are creating economic interdependencies and competition among China, the U.S., and LAC and Asia-Pacific

nations that can generate political, social, and economic tensions. Third, Chinese military posture and forward presence in South China Seas aims to improve their anti-access area-denial (A2AD) capacity and capability. In LAC, Chinese military expansion through arms sales and other means provide security alternatives for LAC governments and support Chinese military power in the Asia-Pacific. These challenges demonstrate how Chinese interests in LAC and the Asian-Pacific are an integrated concern that should be addressed through a trans-Pacific strategy, rather than a regional approach in Asia.

The complexity of the developing relations between LAC and the Asian-Pacific and Chinese assertiveness illustrate that the U.S. must adapt its regional approach to Asia. China's influence in LAC and the growing LAC-Asian relationships demonstrates that the rebalancing to Asia lacks a synchronized whole of government approach and disregards cross-regional, cooperative relationships. Cross-regional cooperation outside of trade and investment flow is emerging independently, such as military training and arms sales, which indicates this is an increasingly integrated problem for the U.S.. Without a broader Pacific approach, non-economic cooperation can hinder the U.S. and its allies and partners' relationships and their security and prosperity. By understanding Chinese political, economic, and military challenges in LAC and Asia-Pacific regions, the U.S. should expand the rebalancing to Asia approach into a trans-Pacific strategy that incorporates the LAC region. The current U.S. regional policy to Asia does not sufficiently address the increasingly linked interests between LAC and the Asian-Pacific regions, and the challenges posed by China. The approach to these challenges as

regionally specific will create to strategic risk in LAC and enable China to draw on its influence in LAC to support its interests.

This paper examines the political, economic, and military challenges based on the impact of China's growth and the deepening relations of LAC with the Asia-Pacific. The first section discusses political challenges and how the U.S. could implement a new system and process to ensure cross-regional cooperation. The next section highlights economic challenges created by current trade and investment practices and proposes initiatives that can increase opportunities for governments into more inclusive and rules-based trade and investment practices. The third section focuses on military challenges and potential solutions for better coordination across U.S. geographic combatant commands. The last section concludes with the importance of a new trans-Pacific strategy that holistically addresses challenges to U.S. interests.

Political Challenges

China's political actions in LAC and the Asia-Pacific are creating an integrated cross-regional problem for U.S. interests rather than two separate regional ones. In the Asia-Pacific and in response to Chinese actions, the U.S. has strengthened its regional relations and defense cooperation with mainly Australia, Japan, and South Korea. Meanwhile, China's actions in LAC intend to gain more political influence in the Western Hemisphere with traditional and non-traditional U.S. partners, which can undermine U.S. values. At the same time, Asia-Pacific governments have developed trans-Pacific relationships based on common political values and interests that reinforce democracy, human rights, rule of law, human rights and international norms and standards. Japan, Australia, and South Korea have deepened relationships with LAC governments, particularly the Pacific Alliance of Colombia, Mexico, Peru, and Chile. Some Asian-

Pacific governments have also become permanent observers to the Organization of American States (OAS) due to the common political interests. LAC governments have recognized the strategic value of the Asia-Pacific in order to promote future growth and development. This growing interdependency shows how this is an integrated problem in which a trans-Pacific strategy can protect the interests of all actors across the Pacific.

Diplomacy and Soft Power

China's desire to gain power as a multi-regional global actor contests U.S. political interests in the Asian-Pacific and LAC regions. China continues to demand political unification of Taiwan under a "one China," and claim sovereignty over the South China Seas. These claims threaten freedom of navigation and access to resources as well as the sovereignty and national integrity of U.S. allies. In LAC, Chinese President Hu Jintao stated in 2004 that China wanted to strengthen strategic ties and enhance mutual political trust, pursue creative and practical cooperation, and deepen cultural understanding with LAC nations.² Despite such flowery statements, China's political actions undermine U.S. interests of democracy, human rights, rule of law, and other international norms. China's political interests and practices provide Asian-Pacific and LAC governments with an alternative to U.S. options that threaten the U.S. and its allies and partners' interests. A U.S. trans-Pacific option that includes LAC can offset China's pursuit to balance U.S. power in both regions and achieve assimilated multiregional and multicultural effects, rather than separate approaches to two problems.

Chinese soft power gains access to governments in order to maintain their basic system and national security; ensure the inviolability of Chinese sovereignty and territory; and maintain its economic growth.³ In the pursuit of these interests, China employs a partnership diplomacy to "foster a multi-polar balance of power situation in

order to safeguard its position and interests in an international system dominated by American pre-eminence.”⁴ As a result, U.S. access to markets and other policy areas is hindered by Chinese alternatives available to LAC governments. China has established 47 partnerships, in which seven are with LAC nations (Brazil, Venezuela, Ecuador, Bolivia, Argentina, Mexico, Peru, and Chile).⁵ Out of 20 examples of the 47 partnerships, all of them mention trade, investment, and economic cooperation, but only three do not mention political unification of Taiwan.⁶ In addition, in 2008, China released a white paper that specified new relations with LAC, which focused on political, economic, cultural and social, and security cooperation.⁷ Without a broader Pacific strategy with LAC, separate regional approaches will only polarize nations and create tension, putting the growing relationships of LAC with the Asia-Pacific at risk.

Political Solutions

Trans-Pacific Multilateralism

Regional organizations provide political means for a trans-Pacific strategy to build intergovernmental and interorganizational unity of effort; build regimes to protect U.S. interests; and reestablish U.S. leadership. Prominent regional organizations such as the Association of Southeast Asia Nations (ASEAN), Organization of American States (OAS), Inter-American Development Bank (IADB), Asian Development bank (ADB) and the World Bank (WB) provide the U.S. with the ability to influence trans-Pacific challenges that emerge as a result of Chinese actions. Cooperation between the “two regions is growing, as evidenced by increased bilateral and multilateral diplomatic agreements....such as the Asia Pacific Economic Cooperation (APEC), Forum for East Asia–Latin America Cooperation (FEALAC), India, Brazil, and South Africa Forum (IBSA), and Brazil, Russia, India, China, and South Africa (BRICS).”⁸

These specific multilateral, sub-regional regimes are increasingly relevant in developing cross-regional ties among governments. Regional organizations, however, provide the forum to settle disputes and reinforce cooperative, transparent partnerships.

Consensus building and conflict resolution must occur primarily through regional organizations in order to ensure legitimacy of cooperation, not solely in narrowly focused sub-regional ones like FEALAC. Without regional organizations understanding trans-Pacific impacts, Chinese alternatives will continue to undermine U.S. interests.

The U.S. must reestablish political leadership in these regional organizations in order to promote U.S. options over Chinese ones and facilitate conflict resolution among trans-Pacific governments.

Transparency, inclusion, and multilateralism provide the driving principles for sustainable mutual interdependence and stability across the Pacific.⁹ These principles can also influence China to be a part of the solution, rather than create a perception of containing or isolating it. The current divergent approach between U.S. and Chinese practices requires sophisticated diplomacy to manage crises or perceptions involving China and the U.S. A second critical challenge exists with various multilateral agreements, like China's Free Trade of the Asia-Pacific (FTAA-P) compared to the U.S. Trans-Pacific Partnership trade agreement. These opposing approaches between developing regimes threaten transparency, inclusion, and multilateralism. A trans-Pacific strategy should build cross-regional multilateral regimes that prevail over Chinese alternatives and institutions such as the FTAP, Asia Infrastructure Investment Bank (AIIB), Mercosur, and ALBA. This approach provides the best avenue to guarantee U.S. access and strategic position. A trans-Pacific strategy that promotes

transparency, inclusion, and multilateralism will best facilitate cooperation, consensus, and enforcement with China, rather than confronting China separately in two regions.

Economic Challenges

LAC governments, like the U.S., have also recognized that they must “pivot” to the Asia-Pacific in order to ensure economic growth and development. Trade flows between LAC and the Asia-Pacific are well established and more integrated than ever before. Regional multilateral and bilateral trade agreements have resulted in integrated supply chains based on trade, investment, and services. These supply chains have inextricably linked U.S. allies and partners among common interests in both regions. Disruption of these relationships and supply chains demonstrate that the U.S. faces one integrated economic problem across both regions. China can play a significant role in disrupting these chains by providing alternatives other than the U.S. through bi-lateral agreements and support to anti-U.S. economic regimes. These alternatives in trade agreements and investment threaten the U.S. and its allies and partners if LAC is not integrated into a trans-Pacific strategy. Divergent approaches to LAC trade and investment by China, the U.S., and Asia-Pacific countries, like Japan, South Korea, Australia, and others, can best be solved by a trans-Pacific regime that protects the interests of all players, to include China.

Trade Imbalance

Deepening trade relationships between China, LAC, and Asia-Pacific governments increase competition over access to resources and threaten U.S. interests. “Trade between Asia and LAC nations has expanded at an annual rate of 20.5% over the last 12 years. Today, Asia accounts for 21% of LAC’s international trade, rapidly narrowing the gap with the U.S., which has a 34% share.”¹⁰ China’s trade

with LAC governments increased from \$29 billion in 2003 to \$270 billion in 2012.¹¹ This trade surge with China's growing economic presence facilitates alternatives that reduce U.S. opportunities to promote free market values, human rights, democracy, and security cooperation. Although this increased Chinese trade surge impacts U.S. influence, LAC and Asia-Pacific relationships provide the U.S. opportunities to expand free market principles and trade relations in both regions.

The China, LAC, and Asia-Pacific trade surge also has led to trade imbalances that, if left unchecked, could lead to undesirable impacts on U.S. trade and potential tensions between governments. First, Chinese expansion along with increased Asia-Pacific trade is leading to globally integrated supply chains that are challenged by cultural barriers, increased logistics costs, and market development outlays, which all lead to declining profits.¹² Second, LAC exports to China are limited to principally commodities and total over 70% of exports to China, which stifles LAC trade diversification. Third, China and other Asia-Pacific nations export a wide range of cheap manufactured goods, including cars, electronics, equipment, and other parts and components. These imports, unfortunately, serve as a substitute for weak LAC domestic production, which creates concern for many governments. Last, slowing Chinese growth and low value added Chinese imports threaten the vitality of LAC economic growth and development. These factors have contributed to International Monetary Fund and World Bank expectations that the LAC growth rate will remain under 3% for 2015-2018, which is almost a 50% decrease over the last decade.¹³

China's declining growth and reduced commodity prices demand increased U.S. focus in the LAC region. The U.S. must continue to increase its share of trade in the

LAC region, or the region could expect instability that has plagued LAC governments in the past. Commodity prices have dropped by a quarter from their level of 2011. After growing by an average of 4.3% in 2004-11, the region's economies managed just 2.6% last year.¹⁴ Brazil and Argentina face significant inflation, while Venezuela remains on the brink of collapse. Despite great investment from the Asia-Pacific and China, LAC economies are threatened by low growth and productivity, other than foodstuffs and minerals. But, the worst fear is that China has slowed its growth target rate to 7%, which can negatively impact LAC's trade flow and revenue.¹⁵ LAC history and geographic proximity and growing relations with the Asia-Pacific present a unique opportunity to reestablish U.S. leadership and regain U.S. trade relations through a trans-Pacific strategy.

Investment Challenges

Chinese investment impedes U.S. political and economic access by providing LAC governments with financing alternatives to U.S. options. The region has been a destination for Chinese investment, attracting approximately \$40 billion in foreign direct investment since 2010.¹⁶ In 2010, China's loan commitments to LAC governments totaled \$37 billion, exceeding that of the World Bank, Inter-American Development Bank, and the U.S. Import-Export Bank combined.¹⁷ This availability of Chinese foreign direct investment not only helps offset lower commodity prices, but increases Chinese access and influence across the region. Chinese investment comes with a 'no strings attached' policy that does not require adherence to western requirements for environmental compliance, fiscal responsibility, or transparency in transactions and contracting.¹⁸ These benefits provide LAC governments with incentives to invest with China, but usually at the expense of social and environmental risk. This investment

approach strengthens relations of China with anti-U.S. governments like Venezuela, Bolivia, and Ecuador, which undermine U.S. interests in LAC and its developing democratic institutions, human rights, and rule of law.

China's principle of noninterventionism and lack of adherence to high standards create negative social and environmental consequences and contradict U.S. values and international norms. Chinese noninterventionism permits investment regardless of a nation's violations concerning human rights, democratic values, or rule of law. China's limited corporate social responsibility, particularly the neglect of workers' rights and energy and environmental standards, contribute to corruption and social unrest. Recent international attention to Chinese corporate social responsibility and its noninterventionism policy, however, is leading to improvements. If China improves its international labor and environmental practices, anti-corruption efforts, and local community support, Chinese investment alternatives will further hinder U.S. access to LAC and the Asia-Pacific regions. A U.S. trans-Pacific strategy can link U.S. interests with Asia-Pacific and LAC governments and promote high standards of corporate social behavior among all governments, to include China.

Polarization of Economic Regimes

China's increased trade and investment in LAC and aggressive posture in the South China Seas are dividing countries into opposing political and economic camps between the U.S. and China. In the Asia-Pacific, China could return to the Regional Comprehensive Economic Partnership (RCEP), a proposed free trade bloc that would include the ASEAN member states plus Australia, India, Japan, South Korea, and New Zealand, but not the U.S.¹⁹ In LAC, Chinese trade and investment has shifted anti-U.S. governments away from western institutions that promote transparency, rule of law, and

other international norms. The Chinese alternative has also prolonged the negative impacts of less responsible economic regimes like ALBA and Mercosur. An example is the 1991 Mercosur trade treaty, which included Brazil, Argentina, Paraguay, Uruguay, and Venezuela, that increased free trade among members, but imposed significant import tariffs or other protectionist measures on non-members. As broader free trade arrangements became more prevalent, the Mercosur helped prevent the passage of the Free Trade Area of the Americas (FTAA) effort because Brazil and Venezuela wanted to block U.S. attempts to gain regional market access. Other countries like Nicaragua, Ecuador, Bolivia, and Venezuela have also formed anti-western alternatives that deny U.S. access and facilitate China's expansion. These divergent views between the U.S. and China have facilitated political alignments that, if not managed through a trans-Pacific integrated strategy, can challenge U.S. interests, cross-regional relationships, and market access.

Economic Solutions

Trans-Pacific Trade and Investment Regimes

Significant opportunities exist to liberalize trade agreements and investments that can strengthen LAC economies in coordination with common Asian-Pacific and U.S. interests. One such opportunity is the Trans-Pacific Partnership (TPP), which currently includes the U.S., Canada, Peru, Chile, Australia, Brunei, Japan, Malaysia, Mexico, New Zealand, Singapore, Vietnam, and likely Colombia and Costa Rica. The TPP is an ongoing trade negotiation that opens market access across LAC and Asia-Pacific regions and manages 21st century issues in a global economy.²⁰ Current TPP participants comprise 11.2% of the world's population and almost 40% of the Global Domestic Product (GDP).²¹ Critical to the TPP is that it links LAC nations to the

emerging Asia-Pacific supply and value added chains and facilitates U.S. and Asian-Pacific investment.

The TPP should be the economic anchor to a trans-Pacific strategy because it provides a living, inclusive, and rules based regime approach to cross-regional trade and investment. This multilateral agreement has the potential to build a long-term economic strategy and statecraft model that can promote sustainable cooperation over hazardous competition. The TPP addresses fair competition, consumer protection, labor rights, liberalized access to investment under rules of law, intellectual property rights, and small and medium business opportunities.²² The TPP also creates jobs, increases wages, and reinforces democratic institutions. This trade agreement demonstrates how a trans-Pacific strategy can address one integrated problem by preventing the regression of LAC political and economic development, and isolation of the region from the Asia-Pacific economy.

The TPP's agenda could falter to limited effectiveness due to divergent interests among different nations and cultures, devolving into more bi-lateral trade and investment agreements. Divergent views on certain economic sectors, like agriculture, create obstacles in negotiations and lead to narrow bi-lateral agreements. If these divergent views are not open for discussion and solutions in a multilateral environment, bi-lateral agreements will continue to foster tension due to their exclusionary nature. Critics also suggest that the TPP will undermine the World Trade Organization because it creates a U.S. western approach to trade at the expense of developing economies. The U.S. should publicly promote the TPP to avoid domestic and international misperceptions and quickly gain approval, force transparent dialogue on key trade

issues among partners, and immediately determine China's role in the process. The TPP is critical to a trans-Pacific strategy because it can also enable Chinese cooperation through high standard rules and principles.²³ Smart economic statecraft and strategy through the TPP sends a strong signal through soft power about shared interests and will strengthen U.S. access and strategic position in both regions.

Military Challenges

Chinese military activities in both regions should not be separated into two distinct regional challenges to the U.S. and its allies and partners. China's actions in one region are not mutually exclusive from Chinese interests in the other region. Chinese arms sales in LAC generate revenue and support Chinese military modernization in the Asia-Pacific. Chinese military partnerships in LAC give them increased access and influence in LAC decision-making based on Chinese interests and actions in the Asia-Pacific. For example, an Asia-Pacific conflict that arises from miscalculation, or a deliberate decision, gives China flexibility in actions or support from LAC, if China determines that such action would be in its favor. Any U.S. assumption that Chinese actions in LAC and the Asia-Pacific are two separate problems overlooks the Chinese long-term strategic perspective. Chinese military presence in LAC combined with growing political and economic linkages creates an integrated problem, which demands a trans-Pacific military approach that reinforces new cross-regional relationships.

Chinese Military in the Pacific

China's aggressive stance and military forward presence and posture, particularly in the South China Seas, intend to prevent U.S. regional hegemony in the Asia-Pacific. The region is a vital driver of the global economy and includes the world's

busiest international sea lanes and nine of the ten largest ports. China claims sovereignty and territorial rights for much of the region's waterways in direct confrontation or threat to Taiwan, Japan, Philippines, Malaysia, Vietnam, and Brunei. The Asia-Pacific is also the most militarized region in the world, with seven of the world's ten largest standing militaries and five of the world's declared nuclear nations.²⁴ Thousands of maritime vessels transverse the South China Seas, ranging from fishing boats to coastal naval ships to trade ships.

China's demands for territorial integrity and sovereignty in the Asia-Pacific challenge freedom of navigation and access to resources for the U.S. and other extra-regional actors. China's military modernization and expansion into the South China Seas increases Chinese A2AD capacity and capabilities. Heightened tensions and miscalculations by U.S. allies or partners, or other actors, could draw the U.S. into an escalating conflict or other military commitment. Impacts of such miscalculations can affect trade flows and investment and impose significant costs on LAC and Asia-Pacific economies. Chinese and U.S. military activities and potential misunderstanding in the Asia-Pacific region demand a new strategic approach that involves vested governments in both regions.

Chinese Military in LAC

Chinese political partnerships and economic trade blocs in LAC facilitate China's military activities and challenge U.S. access and its security capacity building in the region. LAC governments, to include U.S. partners, have increased ties to the Chinese military through a growing number of official visits, military officer education exchanges, training exercises, and arms sales.²⁵ China sent 130 riot police to Haiti from 2004-2012 as part of the UN's peacekeeping force, becoming the first Chinese uniformed formation

to serve in the Western Hemisphere. In the past decade, China sold \$58 million worth of Karakorum jets to Bolivia, upward of \$150 million in air surveillance systems to Venezuela, donated military materiel to multiple countries, and sold Peru a mobile field hospital and other equipment worth \$300 million.²⁶ China is reportedly about to sell \$1 billion worth of arms sales to Argentina, including armored personnel carriers and Chinese-designed fighter jets, with the likely candidates being the FC-1 Xiaolong, JF-17 Thunder, or the J-10.²⁷ Last, China is taking aggressive efforts in technology transfer programs with Brazil, Argentina, and Venezuela in areas of space technology for military and civilian purposes. The growing Chinese military relations in LAC do not pose an imminent military threat to the U.S. or its LAC partners, but they are an indicator of how China can offset U.S. power in the region.

Military Solutions

Security Cooperation

The foundation for cross-regional military security cooperation that can address the trans-Pacific challenge of China in both regions already exists due to existing relations. The Pacific Alliance, for example, has facilitated multilateralism across both regions between Colombia, Peru, Chile and Mexico with Japan, South Korea, Australia, and others. Chile and Mexico participated with Japan in the Non-Proliferation and Disarmament Initiative, which was adopted as an Arms Trade Treaty (ATT) by the United Nations in April 2013.²⁸ Other countries that supported this initiative were Costa Rica and Argentina. These cooperative partnerships provide the foundation to address China's actions in both regions as one integrated problem in a broader, trans-Pacific strategy. The U.S. military must look at their current theater campaign plans and

synchronize them with the developing trade and investment relationships in order to achieve the best holistic solution to this challenge posed by China across the Pacific.

China's military presence and posture in both regions and expanding relations between LAC and Asian-Pacific governments necessitate unique cross combatant command coordination between U.S. Northern Command (NORTHCOM), Southern Command (SOUTHCOM), and Pacific Command (PACOM). SOUTHCOM and PACOM should bolster partner militaries based on cross-regional political ties, emerging trade and investment linkages, and current mutual defense treaties by creating cross combatant multinational security cooperation agreements. Under new multinational security agreements, Geographic Combatant Commanders (GCC) should expand current Cooperative Security Locations (CSLs)²⁹ and build new CSLs based on existing and growing trade and investment relationships. CSL expansion and integration would facilitate trans-Pacific military partner capacity building among both regions' militaries. This approach would provide opportunities for multinational training and education exchanges with U.S., LAC, and Asian-Pacific militaries operating together in any region, not just one.

Cross combatant command coordination that integrates LAC and Asian-Pacific militaries into U.S. security cooperation will demonstrate U.S. resolve, reduce cultural barriers, and increase burden-sharing among partnered nations. GCCs should develop cross combatant command multinational wargames and exercises focused on disaster relief and other humanitarian situations. PACOM and SOUTHCOM should also integrate LAC military leadership into crisis management or contingency operations as much as possible. PACOM and SOUTHCOM should also create with multinational

partners forward-based, ready when needed military equipment for training and operations. Most regions already have U.S. prepositioned equipment that can be tailored for multinational security cooperation activities. A trans-Pacific option with multinational military capacity and capability will reinforce shared political, economic, and military interests of the U.S. and its allies and partners. Critical to the trans-Pacific military approach, however, is transparent military-to-military interaction between U.S. and Chinese maritime, air, and land forces in order to gain understanding on mutual shared interests.

The U.S. Army Pacific Command (USARPAC) Pacific Pathways provides a great example of a potential trans-Pacific option. The Pacific Pathways initiative is an Army approach to the rebalancing in Asia strategic priority that builds partner capacity by providing sustained U.S. land forces in the region. The Pacific Pathways develops joint interdependence, increases U.S. military capacity to build relations with more partners and allies, and sets theater conditions that prevent and shape potential conflict. The U.S. should look to expand the Pacific Pathways initiative into a multinational trans-Pacific Pathways that boosts U.S. and multinational presence in both regions. The enlargement of Pacific Pathways from PACOM into SOUTHCOM can evolve into a trans-Pacific cross combatant command campaign that establishes and maintains U.S. resolve and partner building capacity. For example, SOUTHCOM could extend their annual PAMAMAX air, sea, and land military exercise to include Asian-Pacific militaries versus just U.S. and LAC militaries. The Pacific Pathways initiative along with other SOUTHCOM and PACOM exercises must remain inclusive to Chinese cooperation and participation in order to reinforce transparency, inclusion, and multilateralism principles.

This trans-Pacific military approach will build strong, cohesive, and cooperative partnerships among trans-Pacific nations and contribute to a favorable and stable balance of power in both regions.

Multilateral Arms Control and Arbitration Regimes

China's military capacity and capability in the Pacific and arms sales and technology transfers in LAC demand new approaches in U.S. security assistance programs. China's official defense budget rose from 669.1 billion yuan in 2012 to 740.6 billion yuan (equivalent to \$119 billion) in 2013, a rise of 10.7 percent.³⁰ China now has the second largest defense budget in the world.³¹ LAC defense spending is forecasted to grow from \$63 billion in 2011 to \$65 billion by 2014, with 20 percent being available for procurement from China or other external actors.³² Chinese A2AD capacity and capability and increasing arms sales in LAC necessitate regional arms control regimes in order to ensure stability and a balance of power in both regions. Two recent agreements on military confidence building measures in the Asia-Pacific can help China and the U.S. reach better levels of trans-Pacific cooperation: the notification of major military activities and a code of conduct for safe conduct of naval and air military encounters.³³ The U.S. must build on these agreements to include trans-Pacific concerns and pursue open dialogue with China to move away from bi-lateral conflict resolution towards multilateral cooperation, transparency, and conflict resolution.

A trans-Pacific strategy should consider a multilateral arms control regime similar to the 1990 Conventional Arms Forces in Europe Treaty. Although this treaty was designed for a late post-Cold War period, the treaty sought to control the proliferation of technologies that might contribute to conventional or unconventional weapons programs.³⁴ These multilateral frameworks could place regional ceilings on specific

capabilities in order to promote stability and reduce the possibility of miscalculations that could lead to armed conflict. In addition, such a program would also stipulate reports and compliance inspections on specific equipment, force structure, and training maneuvers for specific at risk countries. Last, this regime would also detail specific requirements and constraints concerning cyber and space domains to protect U.S. interests and enforce rule of law across both regions. A trans-Pacific arms control and arbitration regime would promote transparency among developing trans-Pacific relationships. A trans-Pacific cooperative threat reduction and monitoring mechanism, with Chinese participation, can mitigate unnecessary militarization in both regions that threatens the common interests of all actors.

An Integrated Leadership Solution

A trans-Pacific strategy requires a leader that can build and maintain unity of effort across the U.S. interagency and intergovernmental participants. An example of such leadership would be the establishment of an “ambassador-at-large” for the trans-Pacific. Ambassadors-at-large have been designated special diplomatic envoys for specific assignments and entrusted to operate in several countries, a region, or sometimes hold a seat in an international or regional organization like the United Nations (UN) or Organization of American States (OAS). Examples are Ambassadors-at-Large for Counterterrorism, HIV and Aids, and Human Trafficking. Another example more relevant to a trans-Pacific concept exists with former Ambassador Thomas Pickering’s role in building Plan Colombia in the 1990s and early 2000s.³⁵

Traditional U.S. approaches to problems are usually regional and underestimate or ignore holistic solutions in this new international system that disregards nation-state boundaries. The U.S. released its *Strategy for American Innovation: Securing Our*

Economic Growth and Prosperity in 2009 that aims to increase economic growth and international competitiveness. The challenges posed by China in the Asia-Pacific and the increasing linkages between governments of both regions demonstrate the need for an innovative concept to manage these complexities. A new system with an Ambassador-at-Large can best adapt to growing trans-Pacific government relations and the complexities posed by China. At the same time, an Ambassador-at-Large can ensure U.S. interagency unity of effort that spans different U.S. departments and agencies' objectives and priorities.

Conclusion

China's increase in political, economic, and military ties in LAC and aggressive posture in the Asia-Pacific only weakens U.S. capacity in issues ranging from free trade and investment to security cooperation and assistance. China's aggressive military posture in the Asia-Pacific aims to protect Chinese interests in the South China Seas and for Taiwan. In February 2015, the ASEAN Defense Ministers Meeting hoped to discuss approaches for further enhancing regional cooperation to reduce tension in view of recent developments in the South China Sea.³⁶ China declined the proposal based on its sovereignty and territorial claims and its inherent right for freedom of action.³⁷ China's trade and investment and military activities with LAC governments demonstrate how this challenge is one integrated problem for U.S. policy. Based on China's actions and developing trans-Pacific governmental relationships, the U.S. can face reduced influence in both regions without a broader Pacific strategic option that includes LAC governments.

China's diplomatic approach through economic statecraft and strategy, which leads to increased political and military influence, is increasingly competing with U.S.

interests in LAC and the Asia-Pacific. Chinese alternatives continue to reinforce the legitimacy of authoritarian, or semi-authoritarian, governments in LAC and the Asia-Pacific, which threaten U.S. interests and its allies and partners. But despite the preeminence of U.S. power, U.S. allies and partners are less predictable to act in accordance with U.S. interests than past decades due to increasing opportunities in the world. U.S. leadership must adjust traditional regional statecraft and strategy towards more contemporary diplomacy that identifies cross-regional linkages between governments, ties them into common objectives, and develops an integrated approach. If not, China's pursuit of regional leadership will threaten U.S. interests in both regions and potentially lead to increased tension and unpredictable outcomes. LAC and the Asian-Pacific's deepening relationships reveal how the intersection of U.S. interests across both regions supports a trans-Pacific approach to China's growing influence.

Relationships between Asia-Pacific, LAC, and the U.S. are inextricably linked across common objectives. No region exists in isolation in the 21st century. The tough balance is that the U.S. must remain economically engaged with China and encourage free-market cooperation, while developing and maintaining comprehensive and strong responses to negative Chinese behavior, such as support to authoritarian regimes and cyber espionage activities. The U.S. needs to readjust its current re-balancing in Asia strategy and develop a wide-ranging and cross-regional approach to reinforce LAC and Asian-Pacific linkages that support U.S. interests. This holistic, cross-regional approach will better enable U.S. power to promote and protect its interests concerning China, while facilitating favorable and responsible behavior.

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