

Obama seeks to boost US influence in Asia

John Chan**16 November 2009**

On his first trip to Asia, US President Barack Obama has already made clear that its main purpose is to reassure key allies and enhance American economic and strategic interests in the region against Washington's main rivals, especially China.

The US president chose strategic ally Japan as his first stop and the venue for a keynote policy speech on the US and Asia. Speaking in Tokyo's Suntory Hall on Saturday, Obama declared that he was "America's first Pacific president"—having been born in Hawaii and grown up in Indonesia—and that the US was "a nation of the Pacific".

Obama's embrace of Asia reflects criticisms in the American political establishment of the previous Bush administration that it had neglected this economically and strategically vital region to China's benefit. However, in the midst of a continuing economic crisis in the US and globally, he arrives with the US in a significantly weakened position, with little to offer.

While the president emphasised longstanding US ties to Japan, the issue of China was always in the background. Attempting to put a positive spin on US relations with China, Obama declared: "We welcome China's efforts to play a greater role on the world stage... The United States does not seek to contain China, nor does a deeper relationship with China mean a weakening of our bilateral relations."

Nevertheless, while it relies on Chinese purchases of US bonds to underwrite mounting debt and is pressing for greater access to China's markets, Washington is deeply concerned by China's rise as a rival power. Under the Obama administration, the US has continued to strengthen ties with formal allies—including Japan, Australia, South Korea, Thailand and the Philippines—and cement new relations with countries like India, precisely to contain China.

Obama reinforced the point by referring to the US nuclear umbrella. "Let me be clear: so long as these [nuclear] weapons exist, the United States will maintain a strong and effective nuclear deterrent that guarantees the defence of our allies—including South Korea and Japan," he said. While Obama singled out North Korea as a danger, the underlying message was directed at the growing military strength of China.

The economic rise of China confronts the Japanese establishment with deepening dilemmas. While strategically dependent on the US-Japan alliance, Tokyo relies heavily on China as a market and source of cheap labour. China is now Japan's largest trading partner. Newly elected Japanese Prime Minister Yukio Hatoyama campaigned on a foreign policy of closer relations with Asia, including China, and "an equal footing" with the US. Hatoyama's Democratic Party defeated the Liberal Democratic Party (LDP), which had held office for most of the past half century.

Hatoyama reassured Obama that the US-Japan Security Treaty remained the cornerstone of Japanese foreign policy. At the same time, he referred to his plan for an East Asian community, a trade and currency bloc, saying he favoured "open regionalism" and opposed "exclusivism". His proposal does not, however, specifically include or give access to the US. He hinted that Japan would be pressing next year for a "more constructive and future-oriented alliance" with the US to coincide with 50 years since the revision of the US-Japan Security Treaty in 1960.

Two issues that reflect widespread opposition in Japan to US militarism were effectively pushed to one side. During his election campaign, Hatoyama promised to put an end to Japan's unpopular naval refuelling mission in support of the US occupation of Afghanistan. While still insisting that the refuelling operation would end, Hatoyama signalled Japan's continuing support for the

US war by offering \$5 billion in aid to Afghanistan over five years.

Before the election, Hatoyama also pledged to review a 2006 agreement with the US over the relocation of US military bases on the island of Okinawa. Under the deal, the Futenma air base would move from Ginowan City to another site on the island. Locals, who deeply resent the US military presence, want the bases removed altogether. Hatoyama and Obama announced a high-level joint working group to discuss the issue, but US officials have reiterated that there will be no re-negotiation of the 2006 pact.

Despite Obama's attempts to reassure Japan of its importance to the US, unease undoubtedly continues in Japanese ruling circles that Tokyo is being effectively sidelined as Beijing assumes more importance. As early as next year, China could overtake Japan as the world's second largest economy after the US. Last year, discussion of an emerging G2—the US and China—deciding key global issues produced an anxious debate in Japan about it being eclipsed by "Chinamerica".

Other US allies in Asia feel similar concerns. Last week, Singapore's former prime minister Lee Kuan Yew bluntly told US television that the Association of South East Asian Nations (ASEAN) needed "America to strike a balance" against China. Pointing out what was at stake for the US, Lee said: "The 21st century will be a contest for supremacy in the Pacific because that's where the growth will be. If you do not hold your ground in the Pacific, you cannot be a world leader."

Obama was in Singapore over the weekend to attend the annual Asia-Pacific Economic Cooperation (APEC) summit. On the sidelines, he held a meeting with ASEAN leaders—the first for a US president—primarily to underscore that the US intends to maintain a strong presence in Asia. He also made a public call for the Burmese junta—a close ally of China—to release opposition leader Aung San Suu Kyi.

The meetings in Singapore were primarily focussed on the state of the US and global economy. Obama was compelled to reassure Asian nations at APEC, which include some of Washington's largest creditors, that he would take "serious steps to reduce America's long-term deficit. Debt-driven growth cannot fuel America's long-

term prosperity." The fear in Beijing, Tokyo and other Asian capitals is that the sliding US dollar is undercutting the value of their holdings of US debt.

While the ASEAN countries are concerned about the political and strategic implications of China's rise, their economies have become increasingly integrated with China, especially since the 1997-98 Asian financial crisis. As a result, ASEAN leaders share Beijing's concern over the Obama administration's recent protectionist measures. In the lead up to the APEC summit, China, Russia and Mexico criticised the emergence of protectionism.

In his speech in Tokyo, Obama insisted the Asian countries could no longer rely on the US market, saying the present global imbalances were unsustainable. He pressed for a greater Asian reliance on domestic consumption and an opening up of markets to US goods. Facing their own economic and social crises, none of the Asian economies, including China, is in a position to do so. While Obama called for more open markets around the globe to boost prosperity, the Doha round of world trade talks is stalled and protectionism is on the increase globally.

Obama has been pressing China in particular to revalue its currency. The final APEC statement, however, made no reference to the issue of currencies. A clause referring to the need for "market-oriented exchange rates" was cut out after no agreement was reached. A number of export-dependent Asian countries are concerned at the continued peg of the yuan to the falling US dollar, making their goods less competitive against China's.

All these disagreements will surface again as Obama arrives in China today—the central focus of his trip.

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