



AMERICA FINALLY SHOWS SIGNS OF COMPETING IN ASIA

BY ATMAN TRIVEDI

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At the recent APEC Economic Leaders' Meeting, Vice President Pence delivered a strident speech in remote Papua New Guinea, where dozens of Asia's leaders witnessed the United States and China take aim at each other. Amid a Cold War-type atmosphere, Pence's [remarks](#) sought to reassure regional elites that "America first" doesn't mean "America alone."

Knowledgeable observers fret less about Uncle Sam's muscles atrophying and more about a perceived political indifference to Chinese President Xi Jinping's [assertive and authoritarian turn](#). In recent weeks, the White House has launched an unprecedented counteroffensive against China to quell these anxieties.

But until Asian capitals are convinced Washington is closing the gap between its words and actions, the swashbuckling oratory will provide cold comfort.

The economic arena presents the most conspicuous chasm between rhetoric and reality. Washington has struggled to articulate a viable alternative to China's monumental overseas infrastructure development program, the [Belt and Road Initiative](#).

That may now be changing. While much of the focus during Asia's summit season was on the president's absence or the dueling positions staked out by Pence and Xi at the APEC Forum, the most interesting geopolitical development might have unfolded last month back in Washington.

Lost amid the political tumult, Republicans and Democrats managed to come together to [launch](#) an

ambitious foreign aid initiative embracing the private sector.

With scant fanfare, legislators approved a doubling of financial assistance for infrastructure and other projects in developing countries. Their creation, the clunky-sounding United States International Development Finance Corporation, is armed with important new authorities, such as the ability to invest in equity, that make large-scale infrastructure possible. The IDFC will replace the Overseas Private Investment Corporation, which recently had faced elimination from an administration once hostile to foreign aid.

The Center for Strategic and International Studies (CSIS) [called](#) the little-known law, named the Better Utilization of Investments Leading to Development (BUILD) Act, "the most important piece of U.S. soft power legislation in more than a decade."

The \$60 billion program is just a small fraction of the over \$1 trillion promised by China in construction investments to over 100 countries as part of the state-led BRI. But what matters is Washington is starting to show interest in making a more attractive offer. This down payment could catalyze much larger sums of private capital.

The administration must now build on this unheralded but potentially critical cornerstone of its Indo-Pacific strategy or risk China's economic influence becoming an irresistible force.

The US retreat from multilateral trade (most visibly in last year's withdrawal from the landmark Trans-Pacific Partnership), and the inveterate challenges market economies face in financing large-scale infrastructure projects, has often left low-income countries little choice but to accept China's terms or forego development.

Pence, who delivered a [blistering speech](#) railing against China last month for primarily [domestic consumption](#), reportedly [intended](#) to present an affirmative vision of US economic leadership to his Asian audience. But rather than lay down a comprehensive plan, Pence couldn't resist criticizing Beijing some more.

It's time to dial down the rhetoric and display greater confidence in America's unique attributes of openness, transparency, and rejuvenation.

While some Asia watchers believe China is gaining ground in this economic competition, the reality may be more complicated. Five years into BRI, basic questions linger over the economic viability of projects, and what they mean for Asia and the world. In Southeast Asia, it's China that is behind relative to the United States', Europe's, and Japan's [much larger investments](#) over many years.

To maintain their edge, US leaders must rapidly explain their ideas to implement the BUILD Act, as part of a broader agenda to partner with other regional democracies and US and foreign companies to offer market-oriented infrastructure options, related jobs, and skills.

The region wants to hear more about how the United States intends to coordinate with Japan and Australia on a recently-announced trilateral infrastructure initiative and to work together with the Association for Southeast Asian Nations and APEC.

Tokyo is deftly employing an “all of the above” strategy that has also [pledged](#) \$110 billion to mobilize private sector resources and [agreed to cooperate](#) on BRI projects in third countries. Washington should pay closer attention to its example.

Any smart and strategic approach will require additional congressional leadership. Passing [legislation](#) to authorize \$1.5 billion more in funds for Asian development, diplomacy, and defense would deliver a positive message. Congress should also take long overdue steps to allow the US Export-Import Bank to provide financial assistance for overseas purchases of US exports.

The administration can set a more positive example by practicing democratic values and sincerely promoting them overseas. Such a policy makes both dollars and sense: China faces a recent [BRI backlash](#) precisely because unlike the BUILD Act and other Western aid, its financing comes with few strings attached on human rights, corruption, environmental, or financial sustainability.

Recent elections in Malaysia, the Maldives, and maybe Pakistan suggest voters may be wary of hidden Chinese influence. US policies that support democratic institutions, good governance, and accountability offer the benefit of waging this competition on terrain far more favorable to the US. The regional transparency initiative that Pence [announced](#) could be a modest, positive measure.

These [early signs](#) offer the promise of a better development model for the Indo-Pacific. Less talk and more action can persuade this vital region that the US is finally getting serious about developing a truly comprehensive strategy for remaining engaged in the Indo-Pacific.

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