

Research Paper

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Transatlantic Rifts

Asia-Pacific Scenario Case Study

Summary

- Chatham House brought together European, Asian and American policy-makers and experts over the course of a two-day scenario workshop in November 2015. The participants were asked to take part in a structured role-playing exercise imagining a potential near-future conflict between China and Japan over disputed islands.
- The findings of the workshop, and the actions of participants in the simulation, suggested significant differences between how the United States and Europe prioritize their interests in the Asia-Pacific. In particular, the perception was that the European Union and its member states consider challenges from their ‘near abroad’ as more tangible than those emanating from Asia, and that they focus on commercial opportunities in the region. In contrast, US foreign policy in the Asia-Pacific is seen as emphasizing strategic and geopolitical challenges.
- In terms of military capabilities, Europeans view themselves as having few assets to bring to bear in Asia. European, American and Asian observers are largely unaware of French and British military capabilities in or near the region.
- Beyond the military, Europe’s other tools of leverage – diplomatic, development, economic and other soft-power instruments – are also ignored. Europeans are often unaware of the activities of their own governments in the region. This is equally true in reverse – Japan’s engagement *vis-à-vis* European interests (such as with respect to Russia or Syria) is little recognized by Europeans.
- European nations prefer to engage unilaterally with Asia on trade and multilaterally, through the EU, on security and geopolitical issues. However, no ideal forum for multilateral coordination exists (given the fact that the EU is not a member of most Asian regional organizations).
- The US’s greater engagement in Asia reflects the fact that the US, unlike its European counterparts, is a Pacific nation. But it can also be explained by greater domestic public support for such engagement. This reflects the presence of significant numbers of US troops in Asia and the relatively high proportion of ethnic Asians in the US compared with the EU.

Introduction

The United States and European nations extol the closeness of their common interests and values. While events over past decades have shown these interests to be closely aligned in most respects, on some important issues there appear to be growing disparities. Increasingly, there is the potential for division between the US and many European states, weakening their ability to have collective impact. However, it is unclear whether these emerging challenges are part of a cyclical pattern (i.e. the usual ‘ups and downs’ in the transatlantic relationship), or constitute longer-term trends that could indicate structural change.

This research paper – the first in a series of four – is part of a project that seeks to explore these questions.¹ In particular, the project seeks to examine whether the US and Europe are diverging or converging in specific policy areas, as well as in a broader context, and the extent to which any such shifts are likely to endure.

The project will explore a range of plausible near-future scenarios to help policy-makers understand the nature of potential US–European divisions and how to deal with them in advance, so as to avoid misunderstandings or incompatibilities that could negatively affect the transatlantic relationship.

The scenario explored in this paper consists of a hypothetical maritime territorial crisis breaking out in the Asia-Pacific region. Drawing on the observations of participants in a two-day crisis-simulation workshop at Chatham House on 2–3 November 2015,² the paper lays out potential European and US responses to such a crisis. It also offers possible explanations for divergent diplomatic and/or military actions, with an eye to designing strategies to mitigate rising tensions.

Differing perceptions of and interests in the Asia-Pacific region

The workshop made it clear that any exploration of possible commonalities in US and European foreign policy towards Asia is challenged by differences between US and European perceptions of, and interests in, the region. The scenario demonstrated that Europeans perceive Asia as being important to their interests but not typically vital enough to necessitate urgent policy responses. Events in the Middle East and near Russia’s borders are drawing more policy resources and attention, particularly at senior levels.³ This is true also at the institutions of the European Union itself. For example, while Federica Mogherini, High Representative for Foreign Affairs and Security Policy, has visited Asia five times since taking up her position in November 2014,⁴ the region generally remains low on the agenda for senior EU officials. EU member states believe that while there might be divisions between themselves and the US, these would only be apparent in dealing with day-to-day events; in crisis situations, Europe could be expected to fully support the US.

¹ The full title of the project is ‘Transatlantic Relationships: Converging or Diverging?’

² ‘Relationships Across the Atlantic: Converging or Dividing? The case of conflict in Asia’, Chatham House, 2–3 November 2015.

³ It was suggested by European participants at the Chatham House workshop that, had the scenario been set in the South China Sea rather than the East China Sea, European interests would have been much more closely engaged due to European economies’ heavy dependence on trade routes through the South China Sea.

⁴ European Union External Action Service (2015), ‘Federica Mogherini chairs 12th ASEM Foreign Ministers’ Meeting’, 5 November 2015, http://eeas.europa.eu/top_stories/2015/051115_asem_en.htm.

Europeans also feel that if they are to be involved in Asia, then Asians also need to be involved in Europe – and that this reciprocal engagement is lacking. Japan’s support of sanctions against Russia in the G7 and its provision of strong financial backing for Syrian stabilization do not counter this perception, even though Japanese aid has exceeded that provided by the UK.⁵ Other collaborative actions also occur, largely under the radar, such as the EU’s provision of ‘aviation English’ courses to Asian aviation personnel.⁶

Europeans and Americans perceive themselves to have broadly similar interests in Asia on trade, cyber security, democracy and the rule of law, among other things.⁷ In the majority of cases, bilateral cooperation is possible over these issues, but in some cases there is still the potential for divisions to occur – for example over cyber security, as the US is extremely sensitive about the issue, while Europe is far less so. The Chatham House workshop also indicated a potential divergence in priorities, with Europe perceived as focusing most on values and economics and the US on security and geopolitics.

Also noted were internal divisions *within* Europe on issues where European countries feel their bilateral interests carry more weight than their multilateral (or EU) interests. This is particularly the case with regard to trade and investment, increasingly a priority for many European states following the 2008–09 economic crisis.

In geopolitical terms these divisions – both within Europe and between Europe and the US – create opportunities that can be exploited by other actors. Notably, differences and potential differences have been noticed by China, which in some instances has already started capitalizing on them.

Underpinning the potential for a ‘transatlantic rift’ over Asia are the very different levels of European and American force deployment in or near the region. The US has extensive military assets in the Asia-Pacific, while the Europeans have relatively few. The major exceptions are the French, who maintain a Pacific fleet; and to a lesser extent the UK, which could deploy forces from its permanent naval facility in Bahrain.⁸ The UK is also treaty-bound to support its allies in Asia, a factor that has the potential to create further policy divisions in Europe.⁹

If European commentators on Asian affairs are quick to note the lack of European military assets in the region, they also pay little attention to non-military spheres – economic and diplomatic – which some of the Asian actors view as potentially significant. Few Europeans draw attention to their capacity to influence events through such alternative assets.

⁵ Department for International Development (2016), ‘Factsheet: The UK’s humanitarian aid response to the Syria crisis’, 26 January 2016, <https://www.gov.uk/government/statistics/factsheet-the-uks-humanitarian-aid-response-to-the-syria-crisis>; and Reuters (2015), ‘Japan to offer \$810 million to support refugees fleeing Syria, Iraq - NHK’, 28 September 2015, <http://www.reuters.com/article/us-europe-migrants-japan-idUSKCN0RS03Y20150928>.

⁶ The EU’s provision of aviation safety training to Asian partners is conducted under a number of programmes, including the ASEAN Air Transport Integration Project (AATIP) – <http://www.aatip.org/#!about-aatip-project/c20r9>; and the South East Asia Regional Initiative Forum (SEARIF) – <http://www.searif-sari.org/SARI-SEARIF/Home.html>.

⁷ It was interesting to note that nuclear issues did not come up during the discussions. There was no concern that these issues might become a challenge in the future.

⁸ The UK has four Royal Navy vessels permanently situated in Bahrain at a new naval facility, which opened in October 2015. France has naval bases in Tahiti and New Caledonia.

⁹ The Five Power Defence Arrangements (FPDA) between the UK, Australia, Malaysia, New Zealand and Singapore contain a provision for all five powers to consult each other in the event of an armed attack on Singapore or Malaysia.

While European trade policies tend to emphasize bilateral interests, most Europeans also point to the need to engage with Asia primarily on a multilateral basis (particularly when discussing security and geopolitical issues). However, the perceived lack of an appropriate Asian forum through which the EU could engage is a stumbling block.¹⁰ (Seminar participants noted the Association of Southeast Asian Nations (ASEAN) as a possibility.) European efforts to join the East Asia Summit (EAS) have not been supported by EAS member states (which include the US). EU members are unable to reconcile their desire for a ‘thicker’ relationship with Asia (i.e. one with more partners) with this inability to engage as the EU.

The scenario simulation

Over two days in November 2015, Chatham House hosted a group of approximately 25 experts from the US, Europe and Asia to discuss different visions of, and interests in, the Asia-Pacific region and play out a scenario around rising tensions in the region, focused on China and Japan.

The scenario posited a confrontation between Japan and China in 2020. The inciting factor was a clash between Japanese and Chinese coastguard forces near the disputed Senkaku/Diayou islands. The scenario assumed casualties on both sides, and no clear indications of which side had fired first. The scenario took place over four rounds (one of which represented a UN-sponsored summit) and simulated a period of approximately one week.¹¹

Round one: In the first round most major players took actions designed to emphasize reassurance and de-escalation. Japan publicly decried escalation and called for peaceful resolution. China took steps to control its domestic nationalism while raising its military alert level and asking Russia and India for political support. The US reiterated its support for Japan, but took no immediate military action. The European and other international players largely issued statements calling for de-escalation.

Round two: The second round began with additional domestic pressure being placed on China, Japan and the US. Riots targeting Chinese businesses broke out in Japan, and Japanese businesses were destroyed in China, with small numbers of civilian casualties on both sides. Meanwhile, with US elections looming, domestic political pressure ramped up, with conservative commentators calling for the US to demonstrate its resolve by taking a harder line with China.

The increased domestic pressure in various countries did not deeply affect the course of events. Despite the domestic calls for intervention, both China and Japan took further steps to contain nationalist elements and prevent them from having an impact on policy. Disregarding China’s calls for it to remain out of the area, the US sent warships on Freedom of Navigation (FON) exercises in the South China Sea, but steered clear of the disputed territory in the East China Sea. Separate calls by India, Russia and the EU for multilateral mediation and investigative committees were largely unheeded by the central actors, who preferred to communicate directly with each other. This went

¹⁰ While there is a mechanism for European engagement with Asia through the Asia-Europe Meeting (ASEM), it was not suggested as a dispute resolution method by the participants in our workshop; nor was it otherwise mentioned during the event.

¹¹ The scenario document given to participants in the role-playing exercise is reproduced, in slightly edited form, in the appendix at the end of this paper.

down poorly with some countries, particularly India, which made overtures to all major powers to little effect. Similarly, South Korea attempted to broker an agreement but found itself marginalized.

The EU put its efforts behind the approaching UN summit (see ‘Round three’). In this phase, some cracks started to appear between the US and European nations’ positions, with the UK privately advising against the US’s FON operations. However, on the whole the EU nations continued to press for general de-escalation and a solution brokered in a multilateral setting.

Round three: A summit convened under the auspices of the UN secretary-general took place, with all the major participants represented. The US attended the summit under duress, arguing that direct negotiation between itself, Japan and China remained the most effective way to resolve the situation. Japan and China steered clear of direct accusations and reiterated their positions – both calling for de-escalation without offering specific concessions.

Round four: Participants were confronted before the final round with a new and more intense set of challenges. The unsettled situation drove financial markets down and energy commodity prices sharply up. Meanwhile, a cyber attack was directed against US Pacific Command (PACOM) systems, disrupting the US navy’s war-fighting abilities. A major American newspaper, citing anonymous sources, indicated that Chinese citizens were planning to sail to the disputed islands, plant a flag and remain there until their claim was recognized by the international community.

These events largely broke the emerging consensus for direct resolution between the major players. Despite unclear attribution, the US immediately blamed China for the cyber attack and issued a final warning, indicating that it would have to move military forces into the disputed area if the Chinese government did not back down. The Chinese denied responsibility, but did not immediately counter the threatened American military escalation with their own deployment.

Russia, which up until that point had largely advocated a negotiated end to the crisis via its own channels, changed tack, announcing joint naval exercises with China and the sale of advanced S-400 surface-to-air missiles to China. Here the EU’s position began to split from that of the US more markedly. As expected, the EU issued a condemnation of the cyber attack, but it also published a statement opposing the American plan to move military assets to the crisis zone. European states – acting largely in concert with each other – also condemned Chinese and Japanese recalcitrance in roughly equal measure. NATO held consultations to determine whether the cyber attack would justify the invocation of its collective-defence obligations, but came to no firm conclusions.

Scenario findings

The scenario quickly focused attention on the participants representing China, Japan and the US, with the other parties finding themselves largely sidelined.¹² Japan and China were both uninterested in the involvement of the Europeans, a fact emphasized by the maritime nature of the scenario, which Japan felt left Europe incapable of participating in any meaningful way given

¹² In part, this tendency might have been made worse by the very tight timelines for action in each round, giving the participants little time to talk to different players.

Europe's perceived lack of naval capacity. India and Russia also repeatedly suggested that there wasn't a role for Europe. However, Europe wasn't alone in being ignored: the Asian and Eurasian powers (South Korea, India and Russia) represented in the scenario but not directly involved as protagonists in the maritime crisis were also mostly left on the outside by the principal players.

While dismissing a military role for Europe in Asia, Japan tried to appeal to Europe's other interests. Most notable was its reference to common challenges over regional actors trying to achieve territorial ambitions by force. The Japanese team also stressed the need to strengthen the credibility of alliances (most notably with the US). Neither argument gained much traction with the European audience, leading to questions over the sincerity of European support for a 'rules-based order'.

The US also expressed difficulty in understanding Europe's role and what sort of collaboration might be feasible. The role suggested by the Europeans themselves – that of an honest broker – was not considered necessary by the Americans.

Just as many of the participants struggled to understand Europe's role, the Europeans also were extremely wary themselves of getting involved. They found it difficult to establish what tools they might be able to use in the region. Notwithstanding Japan's attempt to appeal to Europe's common 'values-driven' interests, Europe did not engage any meaningful diplomatic, economic or other tools to bring pressure to bear on any of the parties. Its activities were limited to joint statements calling for de-escalation.

There were some marginal differences in response among the EU member states. The UK, perhaps surprisingly given its close relationship with the US, was particularly focused on not getting drawn into the scenario. Norway (not part of the EU) was willing to get more involved, but only as part of a larger group and if the chosen action were based on values and principles.

America's responses to the scenario were driven in part by a need to show the credibility of its commitments. But the US was also wary of being drawn in by Japan and strongly resisted the latter's attempt to get a firm commitment in the first round. However, the US tone and perspective changed dramatically in the final round following the unattributed cyber attack against PACOM. This suggested that the trigger for heightened US involvement might come from what it construed as a direct threat, rather than as a consequence of its alliances.

To the surprise of some participants, none of the secondary actors in Asia and Eurasia (i.e. India, South Korea and Russia) or Europe tried to use the situation to their own advantage. No government took a transactional approach (e.g. 'We will support you now if you will show more flexibility in Arunachal Pradesh, or with regard to North Korea.'). There was some attempt by France, as a means of gaining European diplomatic support, to consider bringing pressure to bear on the US to ratify the UN Convention on the Law of the Sea (UNCLOS), but this was vetoed by the other European participants.¹³

¹³ In part this was due to the recognition that ratification of UNCLOS was being held back by Congress, not by the US president, and thus that there was little the latter could do to move that agenda forward in a timely manner.

Conclusion: Implications for the US, Europe and Asia

A number of factors were perceived as underpinning divisions between the US and Europe. First, domestic politics in different countries played a meaningful role. Given America's military assets in the region, the domestic discourse in the US tends to be quite different from that in Europe (even compared with those EU countries – notably France and the UK – that do have assets in or near the region, a fact largely unknown to their publics). The US is inevitably more engaged than are EU member states.

Demographics also have a role to play. Ethnic Asians make up a higher proportion of the population in the US than they do in Europe as a whole (according to the US Census, in 2011 some 5.8 per cent of the US population was ethnically Asian, a share forecast by the Pew Research Center to rise to 9 per cent by 2050). This ensures far more attention is paid to the Asia-Pacific region.¹⁴ The existence of a sizeable Asian population, in turn, supports the activities of vocal lobby groups that can exert pressure, backed up by donations and political activism from their membership, on the US government in favour of specific US allies.¹⁵

Britain also has a relatively high percentage of Asians (6.9 per cent of the population, albeit drawn more from South Asia), but the Asian-origin populations of France and Germany are estimated at just 1.2 per cent and 1.3 per cent respectively.¹⁶ These demographic differences do not completely explain the difference in American and European engagement in the Asia-Pacific, but they represent a significant contributing factor.

The scenario underlined the need for effective systems of communication between potentially antagonistic states. The scenario was played out over a short period, with little time for the players to negotiate with one another or to consider nuanced approaches. Thus, misunderstandings occurred and opportunities to potentially de-escalate or work together were missed. During the simulation, the US initially worked hard to find face-saving ways for the sides to back down and restore the status quo. However, China's initial step of stating that the US should stay out of the situation only aggravated matters and pushed the US further towards Japan. The pressure of the simulation underlined the need for all parties to be prepared for a crisis by fully understanding one another's differing interests and priorities.

In sum, the Asia-Pacific scenario explored in this paper presented a clear risk of strategic entrapment for its participants. In order to mitigate that risk, states must carefully balance the need to maintain the integrity and reliability of their partnerships against the risk of being pulled into

¹⁴ Pew Research Center (2013), 'The Rise of Asian Americans', 4 April 2013, <http://www.pewsocialtrends.org/2012/06/19/the-rise-of-asian-americans/>; Passel, J. S. and Cohn, D. (2008), 'U.S. Population Projections: 2005-2050', Pew Research Center, 11 February 2008, <http://www.pewhispanic.org/2008/02/11/us-population-projections-2005-2050/>.

¹⁵ See, for example, Bogardus, K. and Leven, R. (2011), 'Taiwan lobbyists pressure White House to approve sale of F-16 fighter jets', *The Hill*, 11 October 2011, <http://thehill.com/business-a-lobbying/186627-taiwan-lobbyists-pressure-white-house-on-f-16-sales>.

¹⁶ Office for National Statistics (2013), '2011 Census: Ethnic group, local authorities in the United Kingdom', in '2011 Census: Key Statistics and Quick Statistics for local authorities in the United Kingdom', 11 October 2013, <http://www.ons.gov.uk/ons/rel/census/2011-census/key-statistics-and-quick-statistics-for-local-authorities-in-the-united-kingdom---part-1/rft-ks201uk.xls>; Statistisches Bundesamt, 'Foreign population', <https://www.destatis.de/EN/FactsFigures/SocietyState/Population/MigrationIntegration/ForeignPopulation/Tables/PlaceOfBirth.html>; Institut national de la statistique et des études économiques (2015), 'Fiches thématiques: Population', in *France, portrait social, édition 2015*, http://www.insee.fr/fr/ffc/docs_ffc/FPORSOC15j_FTL02pop.pdf (accessed 19 Jan. 2016).

conflicts by them. Setting expectations accurately is vital to prevent future misunderstandings among allies.

In some respects, the fact that most Asian participants didn't want any European involvement was fortunate for those Europeans wary of engagement. However, the act of discounting their possible contributions has the more profound effect of disempowering Europe in the region and making it harder for individual European governments (and/or the EU) to act in circumstances where they feel their interests are affected (such as in the South China Sea). Equally, while Europe is wary of becoming engaged in Asian territorial disputes, it must recognize the important changes that have been taking place in the region, particularly China's rise, and how these are affecting or could affect European economic and security interests.

European states can take a number of actions to counter these problems of perceived disinterest or impotence. They can and should engage Asian allies more in European interests. This could include, for example, discussing China's involvement in Africa.

Europe should also look beyond the military dimension at the assets and broader leverage it has in Asia, to make clear to itself and Asian powers that it could have an impact in various ways. Equally, the EU must raise awareness within its member states of what it is already doing diplomatically, developmentally, commercially and through other tools of engagement.

This would also assist the US in thinking through those areas in which it could work together with Europe (e.g. capacity-building and training, preventative diplomacy and confidence-building measures).¹⁷ At the same time, it would be beneficial if the US and Europe could find appropriate venues through which to discuss their perceptions of and interests in Asia on a regular and more formal basis. One possibility is through the ASEAN Regional Forum (ARF), although this could be difficult given the ARF's broad membership.¹⁸ Similarly, the Asia-Europe Meeting (ASEM) has the potential to serve this role, although it would have to be expanded to include the US.

European member states need to establish their priorities more clearly: where they want to work bilaterally versus multilaterally, where these two sets of interests overlap, and which decisions need to be made where. European nations generally want to support a rules-based system, but that feeling is not necessarily strong enough to commit them to action in its defence. This potential disparity can lead to calls of hypocrisy from allies. Again, setting priorities and expectations among allies is vital.

That said, it should not be suggested that those playing the roles of European states were unable to pull together during the scenario simulation. When strategic challenges or crises arose, the 'European' participants were able to find common ground with each other. Nevertheless, the initial European belief that Europe and the US would come together in a crisis was not necessarily supported in this scenario; one is left wondering how bad a crisis would need to be in order for the US and Europe to coordinate their foreign policy responses.

¹⁷ Based on the results of the workshop, American policy-makers seem to understand Europe's capabilities in the Middle East better than they do Europe's capabilities in Asia.

¹⁸ The ARF includes, among others, North Korea, India and Pakistan – making it harder to focus on the specific agenda items in the Asia-Pacific and making consensus extremely hard to achieve given long-standing antagonistic relationships.

Appendix: Scenario details

The following reproduces, in slightly edited form, the set of instructions presented to participants in the 2–3 November 2015 scenario workshop. The participants were a mix of current and former government officials, academics and think-tank staff. Roles in the scenario were largely assigned so that they matched participants' actual countries of origin. This document was circulated in advance of the workshop.

Setting: Near future (c. 2020)

Background: Tensions in East Asia over maritime borders and exclusive economic rights have continued to increase without mitigation. China has continued to build artificial islands and claim land rights around them, despite protests and challenges from its regional neighbours.

Scenario: A group of Japanese fishing vessels operating in waters near the Senkaku/Diaoyu islands (claimed by China, Japan and Taiwan) are challenged by Chinese coastguard ships. A nearby Japanese coastguard cutter comes to the aid of the fishing fleet. In the ensuing confrontation, there is an exchange of fire between the Japanese and Chinese ships, though both sides claim (with little conclusive evidence on either side) that the other fired first. One small Chinese vessel is sunk and the Japanese cutter suffers some damage. The Chinese claim five dead and 10 injured; the Japanese claim two dead and eight injured.

In the immediate aftermath of the incident, the Japanese and Chinese militaries go on high alert. China forward-deploys bombers to outlying bases and puts its aircraft carriers and amphibious forces out to sea. Japan sends additional warships to the disputed waters, puts its air force on high alert and issues statements to the effect that it will use force if necessary to defend its territory.

Japanese diplomats meet with their American counterparts to discuss treaty obligations. Meanwhile, Chinese diplomats warn the US to stay out of territorial disputes, while the Chinese media claim that the Peopleions. Meanwhile, Chinesds ready to sink any American warship that enters Chinese-claimed waters. The US moves naval forces towards the region but, in an effort to de-escalate the situation, they remain outside the territory claimed by China. Anti-Japanese demonstrations take place in Chinese cities, with some damage reported to Japanese-owned businesses. Renewed protests against the US military presence take place near American bases on Okinawa and Yokosuka.

Further details of the scenario will be explained during the exercise.

Scenario rules: The scenario begins three simulated days after the initial confrontation, following the conditions laid out above. Scenario participants will be assigned roles applicable to their professional backgrounds. The scenario will take place over the course of Tuesday morning. Participants will be permitted to consult with each other privately, as befits their positions. At various intervals the scenario controller will require all players to gather for announcements of agreements or events affecting all parties.

The scenario controller will arbitrate disputes neutrally, direct interjections and determine when the scenario should be brought to a close.

During the scenario, the scenario controllers may announce further updates to the situation on the ground, which would require players to respond in ad hoc fashion.

Scenario sub-agenda

9.00–9.20	Presentation of scenario rules and Q&A
9.20–9.30	Presentation of scenario
9.30–10.00	Division of group into regional teams and first round
10.00–10.15	Coffee
10.15–10.25	Round one moves announced (and injects as appropriate) ¹⁹
10.25–10.50	Round two
10.50–11.00	Round two moves announced (and injects as appropriate)
11.00–11.15	Round three: UN summit
11.15–11.45	Round four
11.45–12.00	Round four moves announced and summing up

Country-specific information

Belgium: Belgium has made it through its period of political instability and remained a unitary political entity. The country has become increasingly inseparable from the EU, with the EU’s survival in the face of economic malaise seen as a victory for Belgium’s ruling coalition and an endorsement of its multilateralist and trade-driven agenda.

China: Having built a number of new outposts on reefs and islands across its naval frontier, China has moved to consolidate its influence over its neighbourhood. While the country’s economy has experienced slowing rates of growth year on year, positive growth has nevertheless continued and its fundamental social contract has held thus far, with anti-government demonstrations successfully contained by security forces. Meanwhile, its military has continued to expand and modernize, commissioning new submarines, surface warships, combat aircraft and logistical capabilities at a steady pace. While still not a like-for-like competitor with US forces, the Chinese military has become increasingly effective at anti-access/area denial within a thousand miles of Chinese territory.

Denmark: The Danish economy has suffered from the sluggish growth of international maritime traffic, and nationalist feelings remain strong. While the country has not withdrawn from the EU or

¹⁹ ‘Injects’ refers to new aspects of the scenario revealed by the scenario controllers to the players and designed to force them to respond in more improvisational fashion.

changed its fundamental social contract, it has instituted increasingly strict migration limits. Denmark remains committed to NATO missions but has otherwise become warier of international military engagements.

France: Thanks to policy reforms, the French economy has begun to grow again, though the recovery is still fragile. But with at least some increased economic potential and facing a more uncertain world, France has reinvested in its military, demonstrating an increased willingness to take unilateral military action, particularly in West and Central Africa.

Germany: Despite the uneven economic recovery, Germany remains at the centre of EU fiscal and economic policy. Slowing Chinese growth has put more pressure on German industry, but the overall economy has proven largely resilient thus far. While Germany has begun to recapitalize its military forces, it remains largely reluctant to participate in international military operations without a clear and widely accepted mandate.

India: India continues to post slightly higher rates of economic growth than China; however, the bureaucracy stymies any larger progress. Nationalistic fervour is reinforced among the elite, as India's demography and economy appear to be more advantageous in comparison to China. However, tensions continue with Pakistan (and other neighbours). More than ever, Pakistan's foreign policy leans towards China. India's dialogues with Australia and Japan continue to develop, but Delhi avoids any formal partnership with either (or with the US).

Japan: Japan has watched China's military build-up with trepidation and has taken increasingly assertive steps of its own in response. The legalization of foreign arms sales has provided a boost to the country's arms industry and has enabled the military to equip itself with progressively more capable domestically produced warships and aircraft. While a majority of the population continues to support the more assertive defence strategy, a significant minority has become disenchanted with the policy and loudly objects to the country's increasing military budget and the continued presence of American forces on Japanese soil.

Norway: Norway's economy has started to suffer from a lengthy run of depressed oil prices. Like Denmark, the country's politics have been increasingly driven towards nationalism, with stricter controls on immigration and a government-driven push to build up national industries outside the energy sector.

Poland: With an economy that continues to outperform the EU average, Poland has invested heavily in defensive military capabilities, largely in reaction to Russia's actions in Ukraine since 2014. Poland continues to push for greater European integration, a more integrated European foreign policy and more inclusive free-trade regimes.

Russia: Russia has suffered from years of international isolation and continued low oil and gas prices. Its ambitious military modernization has been curtailed by budgetary constraints, while a limping economy and a series of stalemates in military engagements abroad have forced it to re-emphasize diplomatic solutions to conflicts. Nevertheless, the Russian government still pursues an overall strategy designed to restore its power relative to the West by any practical means.

Singapore: While the sluggish growth in international maritime trade has dampened Singapore's economic growth somewhat, the city-state has weathered the slowdown better than most of its neighbours and has continued to invest in both soft-power and hard-power capabilities. In doing so, it has improved its position in ASEAN and its reputation as an honest broker of regional power struggles.

South Korea: Faced with a North Korea that seems to be edging closer and closer to collapse, South Korea has redoubled investment in its military, increasing both the size and reach of its navy and the sophistication of its air force. While South Korea has invested in efforts to diversify its energy supply, it remains enormously dependent upon imported oil and natural gas. It has taken an increasingly active role in regional agreements designed to guarantee freedom of navigation.

Spain: Spain continues to struggle with the fallout of the debt crisis in the eurozone. While unemployment has ticked down from its immediate post-crisis peak, it remains at historically high levels. Spain has accepted increasing amounts of foreign direct investment in order to stabilize its economy. Its politics remain focused inwards, but with a largely pro-EU bent, as the government attempts to build a record of sustainable growth.

United Kingdom: A close vote in the referendum on EU membership kept the UK within the EU. The result has, for now, tempered nationalistic tendencies within the Westminster parties and in Scotland. UK trade with China has increased rapidly thanks to the policies of the previous government, with China overtaking Germany as the largest source of imports into the UK and rising to become the fourth-largest market for British exports. As a result of this burgeoning trade relationship, British pressure has led the EU to relax its arms embargo against China. Militarily, the UK continues to focus on threats emerging from the Middle East and Central Asia.

United States: The 'pivot' to Asia of the previous American administration has continued under other auspices. US military forces have been largely bogged down by continued engagements in the Middle East and deterrent deployments against Russia in Europe. However, while the Trans-Pacific Partnership (TPP) has been instituted, its early years have been plagued by disputes between its membership, complicating America's trading relationships with Pacific powers. The strains of isolationism that began to emerge in the wake of the US-led invasion of Iraq in 2003 have largely receded in popular American discourse, though the public remains wary of major military engagements where the national interest is not directly threatened.

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