



# A New View of Asia

## 24 Charts that Show What's at Stake for America

*Walter Lohman, Olivia Enos, and John W. Fleming*

# *A New View of Asia*

*The Asian Studies Center*



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# *A New View of Asia*

## *The Asian Studies Center*

### **A New View of America's "Near West"**

At The Heritage Foundation's annual B. C. Lee Lecture this year, the Chairman of the House Committee on Foreign Affairs summed up perfectly America's destiny as regards Asia: It is America's "Near West." It is hardly the "Far East." It is not to our east, and in this day and age, it is not really very "far."

America's relationship with Asia is long by the standards of our young nation. From the 1833 Treaty of Amity and Commerce between the U.S. and the Kingdom of Siam (Thailand), when the two sides agreed to commercial relations "as long as heaven and earth shall endure," to the 2011 Korea-U.S. Free Trade Agreement, the U.S. has sought freedom of commerce. From its post-World War II security treaties to its sacrifices in war, America's military and its network of alliances have served as anchors of peace. And although the politics of self-government can be a noisy affair in Washington, our support for liberty makes it through the din. Many millions in Asia would live under tyranny today without the vigilance of the United States. Many millions more rely on our continued leadership to free them.

The stakes involved in recognizing America's status as a Pacific nation have never been greater. The global center of power and prosperity is moving to our west. And the prospect for instability and conflict that involve the U.S. interest in peace, freedom, and prosperity is moving with it.

Asia is home to the world's largest and fastest-growing economies and several of the most economically free nations in the world. The U.S. does more

trade with Asia than with any other region of the world. Asian firms invest in America in a very big way, creating jobs and economic opportunity. More and more Asians are immigrating to the United States to improve their futures; they, in turn, improve America's.

There is also a dark side. Historical tensions in the region threaten to boil over. Borders have been sorting out for decades, but those that remain in dispute—or newly disputed—are major flashpoints. The roots of liberal democracy are not yet very deep. There are alternative models of governance and nightmare regimes. There is also competition for the liberal vision that America has fashioned, and challenges to the predominant American military might that has guaranteed it. History has taught that without its proactive leadership, this volatile mix has a way of drawing America in. Our twentieth century wars in Asia are testament to the tragic results for both America and our friends and allies.

There is tremendous upside to the shift in global power and wealth to the Pacific and America's Near West. For the sake of our own nation, we need to understand and grasp the opportunity. We also need to make the strategic investments and commitments necessary to guard against risk. The upside will not accrue to the U.S. without deep, positive involvement in the life of the region, and the downside will not be managed without our presence.

It is time to take a new view of Asia fully cognizant of all that is at stake in our continuing to carry the responsibility of leadership.



## Defining the Region

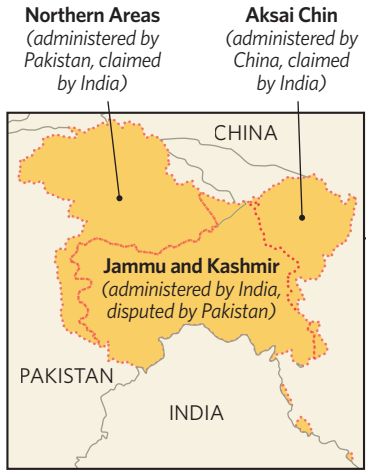
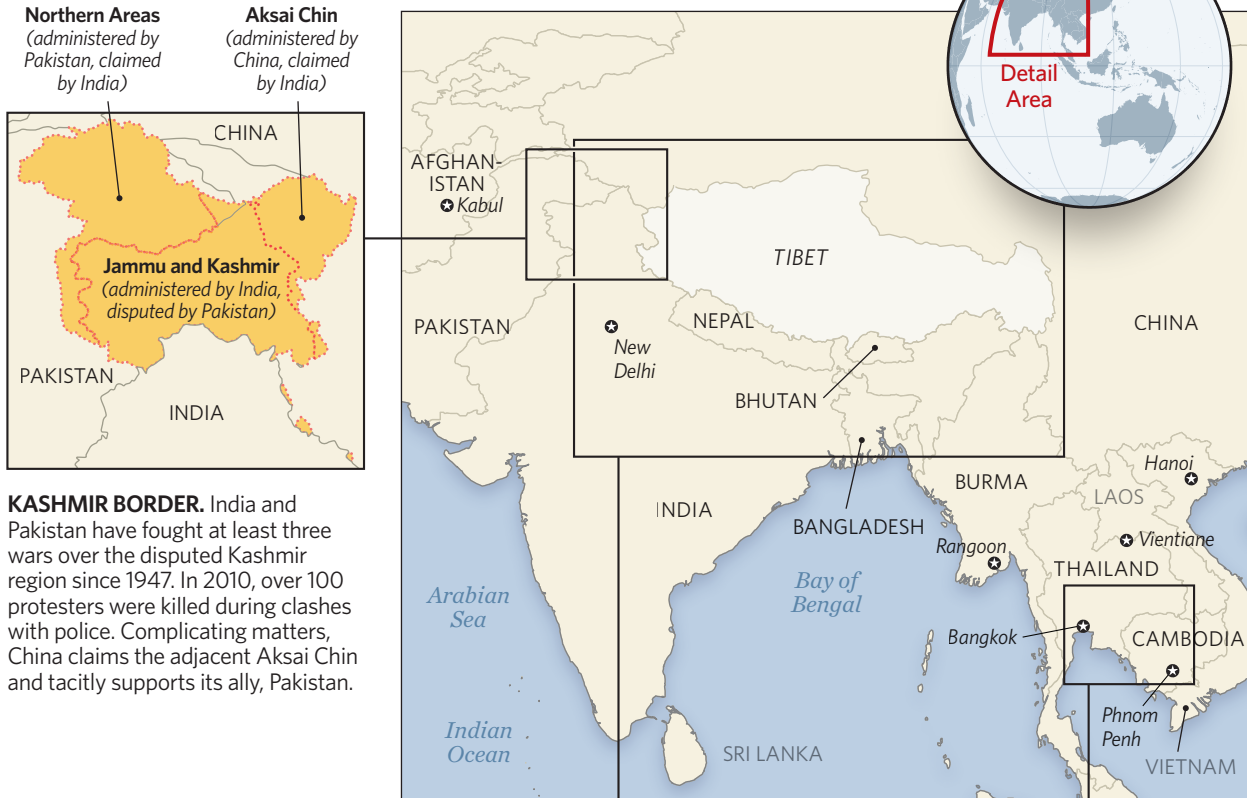
*For our purposes, “Asia” is defined geographically as bordering Iran to the west, Russia to the north, the Pacific to the east, and includes Australia and New Zealand, as well as the Pacific islands. This definition captures several critical geo-economic and geopolitical features: East Asian dynamism; the emergence of India; relationships between China and the nations of South Asia; America’s presence in the Western Pacific; and America’s network of alliances.*





## Areas of Dispute: China, India, and Mainland Southeast Asia

Several of the most volatile border disputes in Asia focus in the west, where China, India, and Pakistan come together.



**KASHMIR BORDER.** India and Pakistan have fought at least three wars over the disputed Kashmir region since 1947. In 2010, over 100 protesters were killed during clashes with police. Complicating matters, China claims the adjacent Aksai Chin and tacitly supports its ally, Pakistan.



**INDIA-CHINA.** India and China fought a border war in 1962. India claims Aksai Chin, which is occupied by China. China claims the India-occupied Arunachal Pradesh, calling it “South Tibet.” In 2012, Chinese incursions into Indian-held territory highlighted the problems of the disputed border.

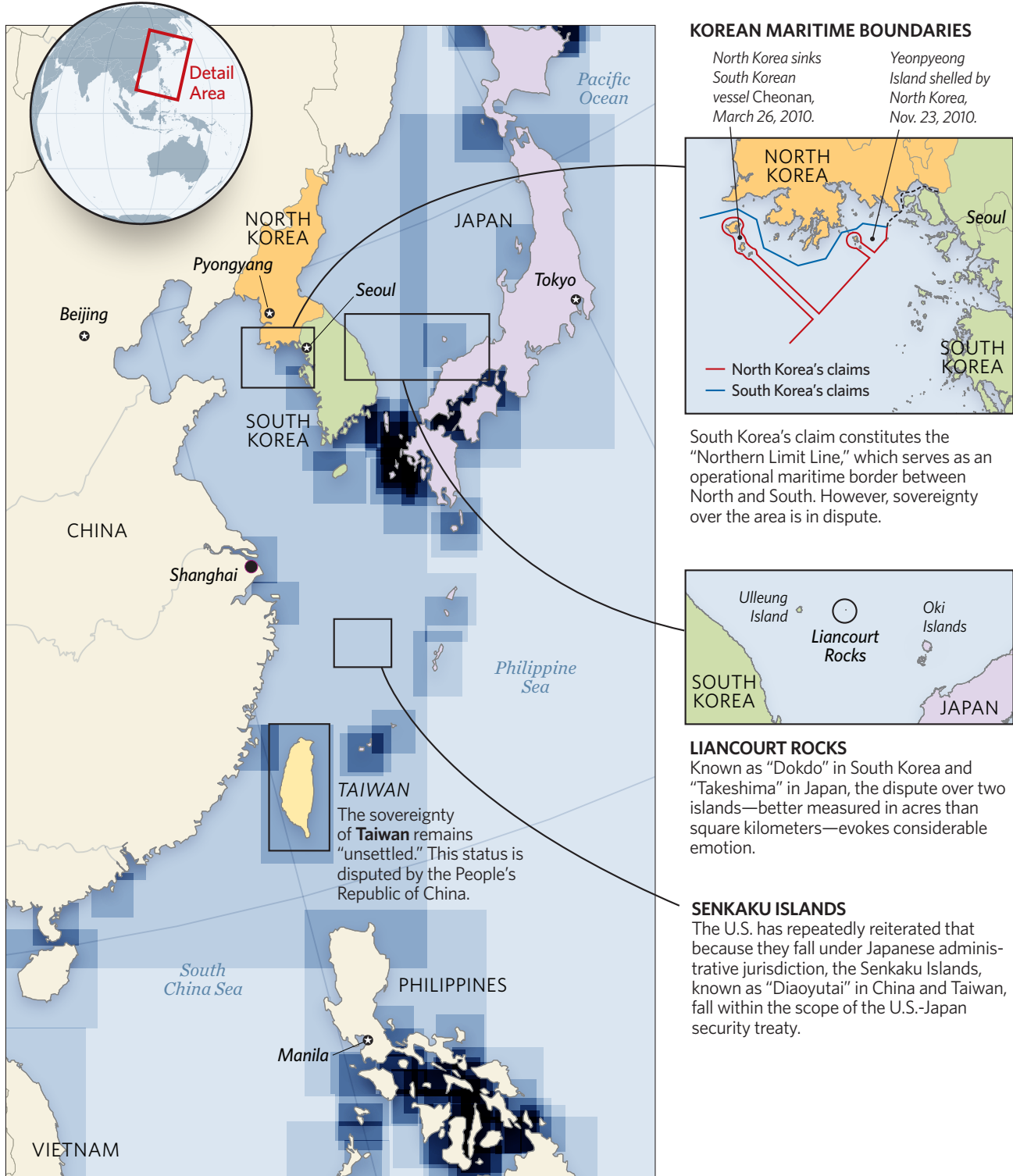


**THAILAND-CAMBODIA.** In 2008, a border dispute on the Thai-Cambodia border once considered settled opened up again, resulting in military conflict and casualties, including dozens of deaths.

Source: Heritage Foundation research.

# Areas of Dispute: China, Japan, and the Koreas

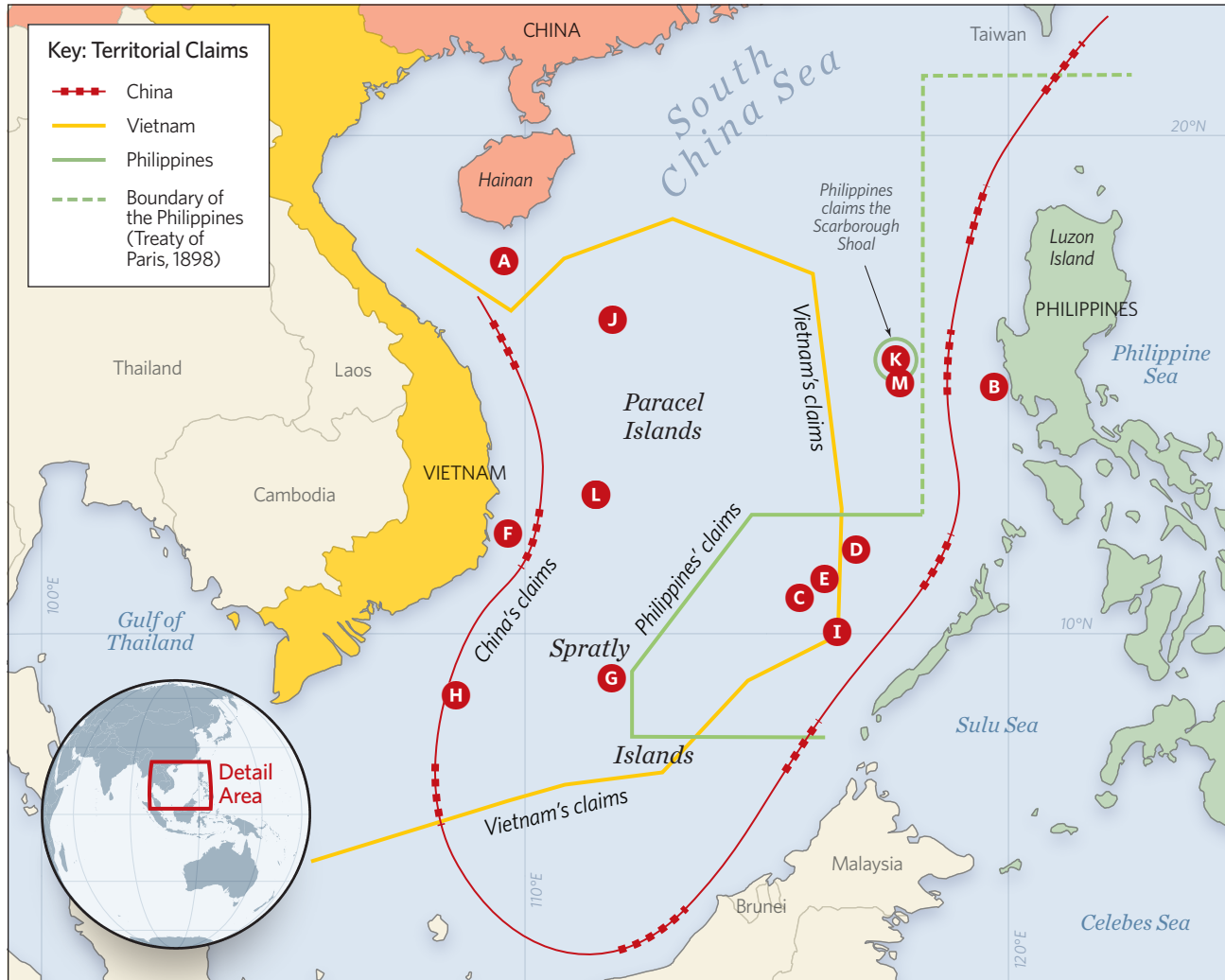
*The Western Pacific is home to several heated sovereignty disputes with the potential for conflict.*



Sources: Heritage Foundation research; Colonel Moo Bong Ryoo, "The Korean Armistice and the Islands," U.S. Army War College, March 11, 2009, <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA500904&Location=U2&doc=GetTRDoc.pdf> (accessed April 5, 2012).

## Area of Dispute: South China Sea

Since 2009, Chinese vessels have been involved in a number of aggressive incidents in the disputed waters of the South China Sea.



- A March 2009.** Chinese vessels harass USNS *Impeccable*
- B June 2009.** Chinese submarine collides with sonar cable of USS *John McCain*
- C February 2011.** Chinese frigate fires at Philippine fishing boats
- D March 2011.** Chinese patrol boats attempt to ram a Philippine government energy research vessel
- E May 2011.** Chinese vessels lay steel posts and buoys
- F May 2011.** Maritime security vessel from China cuts the cables of an exploration ship from Vietnam

- G May 2011.** Chinese military vessels threaten Vietnamese fishing boats
- H June 2011.** Three Chinese vessels disabled cables of a PetroVietnam oil survey ship, the *Viking 2*
- I December 2011.** Two Chinese civilian ships and Chinese naval vessel seen in Philippine territorial waters
- J March 2012.** China detains 21 Vietnamese fishermen in the Paracel Islands for seven weeks, sparking a diplomatic row

- K April 2012.** Chinese fishing at the Scarborough Shoal prompts an ongoing standoff between Philippine patrol vessels and Chinese surveillance ships. The shoal is 124 nautical miles from Luzon Island, well within the Philippine Exclusive Economic Zone (EEZ)
- L December 2012.** Chinese fishing boats sever seismic survey cables of Vietnamese ship, *Bin Minh 02*
- M August 2013.** Philippines Secretary of Defense displays photos of concrete blocks he calls prelude to Chinese construction at Scarborough Shoal

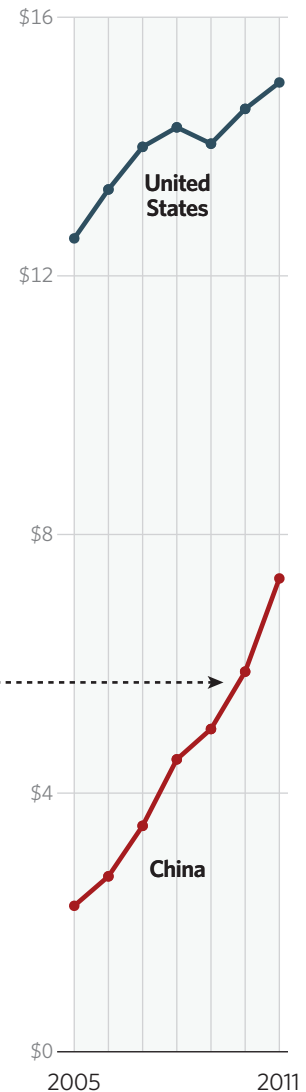
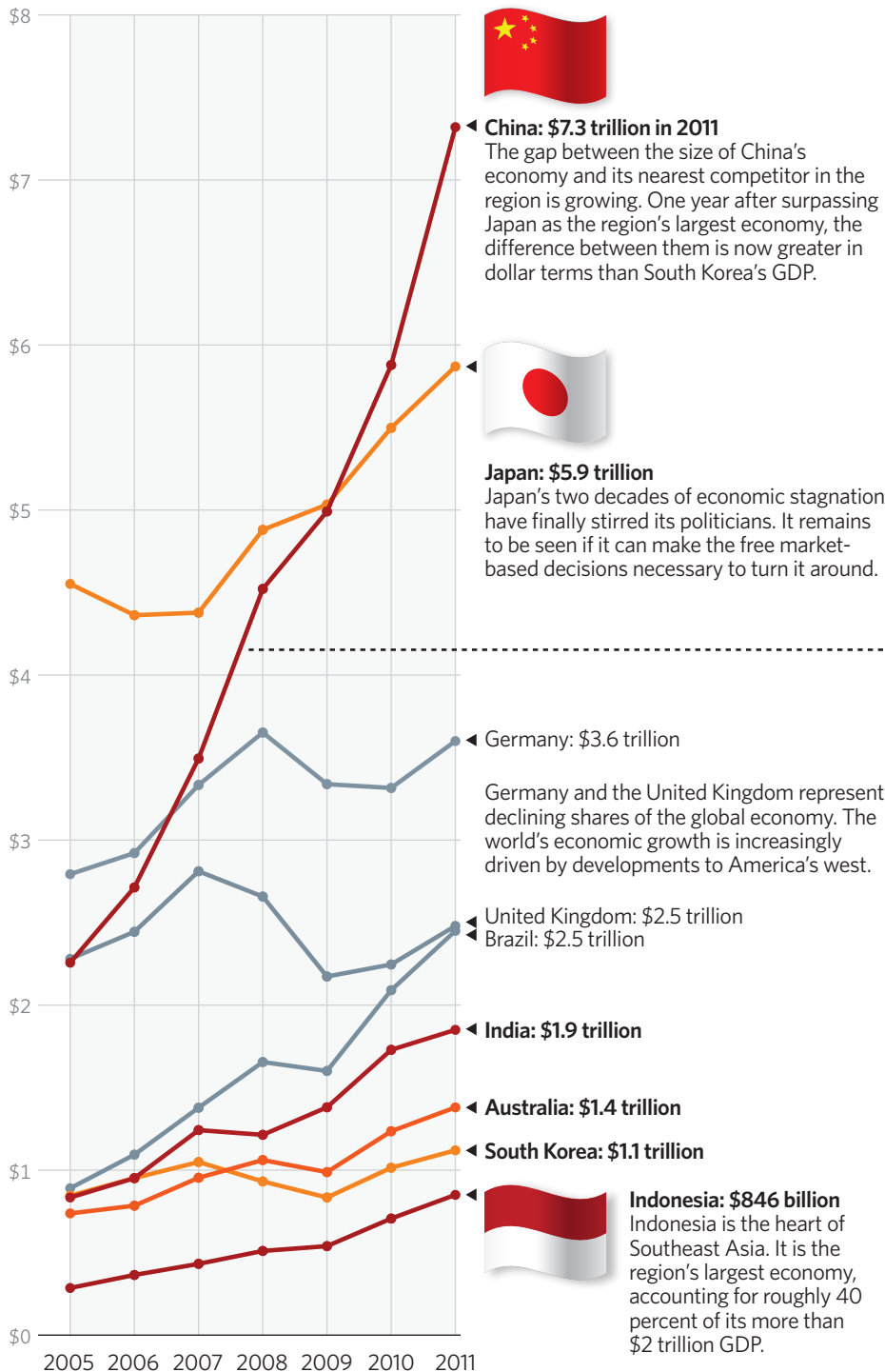
**Sources:** U.S. Department of Defense, "Military and Security Developments Involving the People's Republic of China 2010," [http://www.defense.gov/pubs/pdfs/2010\\_CMPR\\_Final.pdf](http://www.defense.gov/pubs/pdfs/2010_CMPR_Final.pdf) (accessed February 27, 2012); Martin Stuart-Fox, *A Short History of China and Southeast Asia* (Sydney: Allen & Unwin, 2003), map by R. B. Cribb, "Territorial claims in the South China Sea," p. 217; and Heritage Foundation research.



# The World's Fastest-Growing Economies

Decades ago, the story of economic dynamism was the emergence of the “Asian tigers”: South Korea, Taiwan, Singapore, and Hong Kong. Today, the story is China’s 30 years of extraordinary growth and the impact that growth is having on the region—including the U.S.

GDP IN TRILLIONS OF DOLLARS, 2005–2011

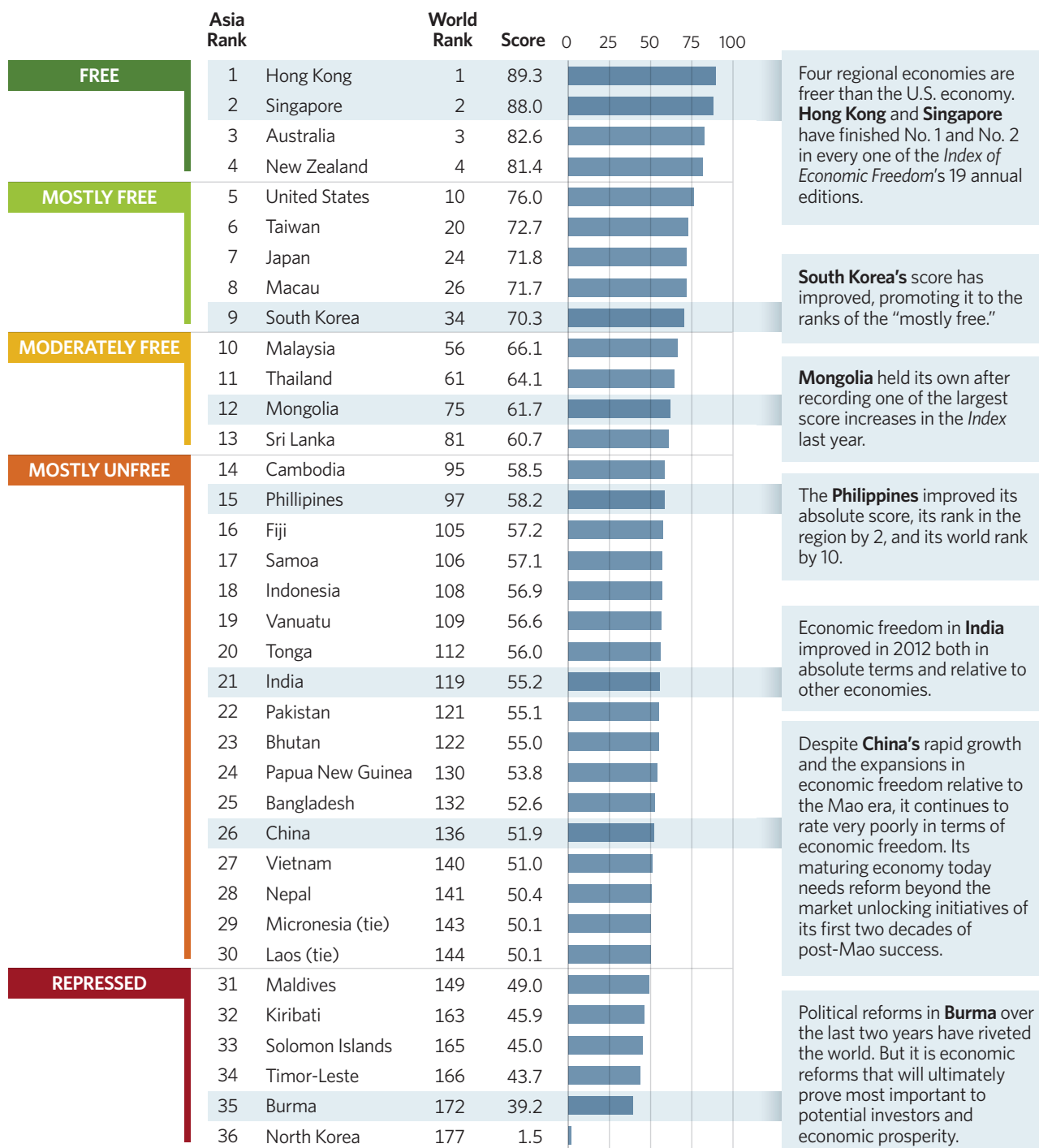


China’s growth is on a much steeper trajectory than America’s. Within the next decade or two, it may surpass U.S. in nominal GDP terms, as should be natural in a country with a population four times as large. Economic growth, however, is determined by policy, not history. Policy decisions in both countries will make the difference.

Sources: The World Bank, World Development Indicators, GDP, <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD> (accessed April 2, 2013).

# Most Economically Free Nations in the World

The Heritage Foundation and The Wall Street Journal rate and rank the freedom of the world's economies. Asia is very well represented in the upper reaches of the rankings.



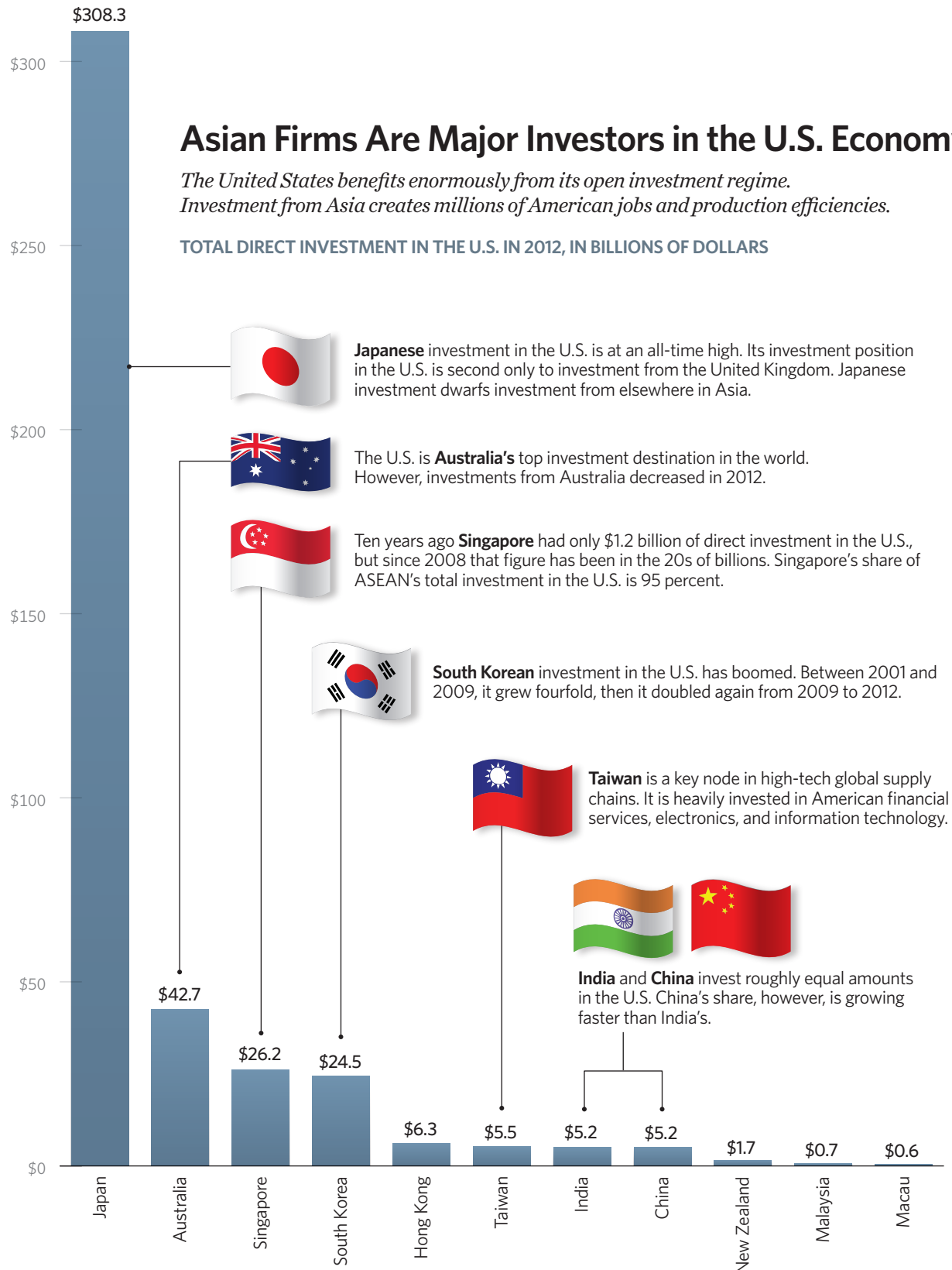
Not ranked: Afghanistan, Brunei, Palau, and Nauru.

Source: Terry Miller, Kim R. Holmes, and Edwin J. Feulner, 2013 *Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2013), www.heritage.org/index.

## Asian Firms Are Major Investors in the U.S. Economy

*The United States benefits enormously from its open investment regime. Investment from Asia creates millions of American jobs and production efficiencies.*

TOTAL DIRECT INVESTMENT IN THE U.S. IN 2012, IN BILLIONS OF DOLLARS



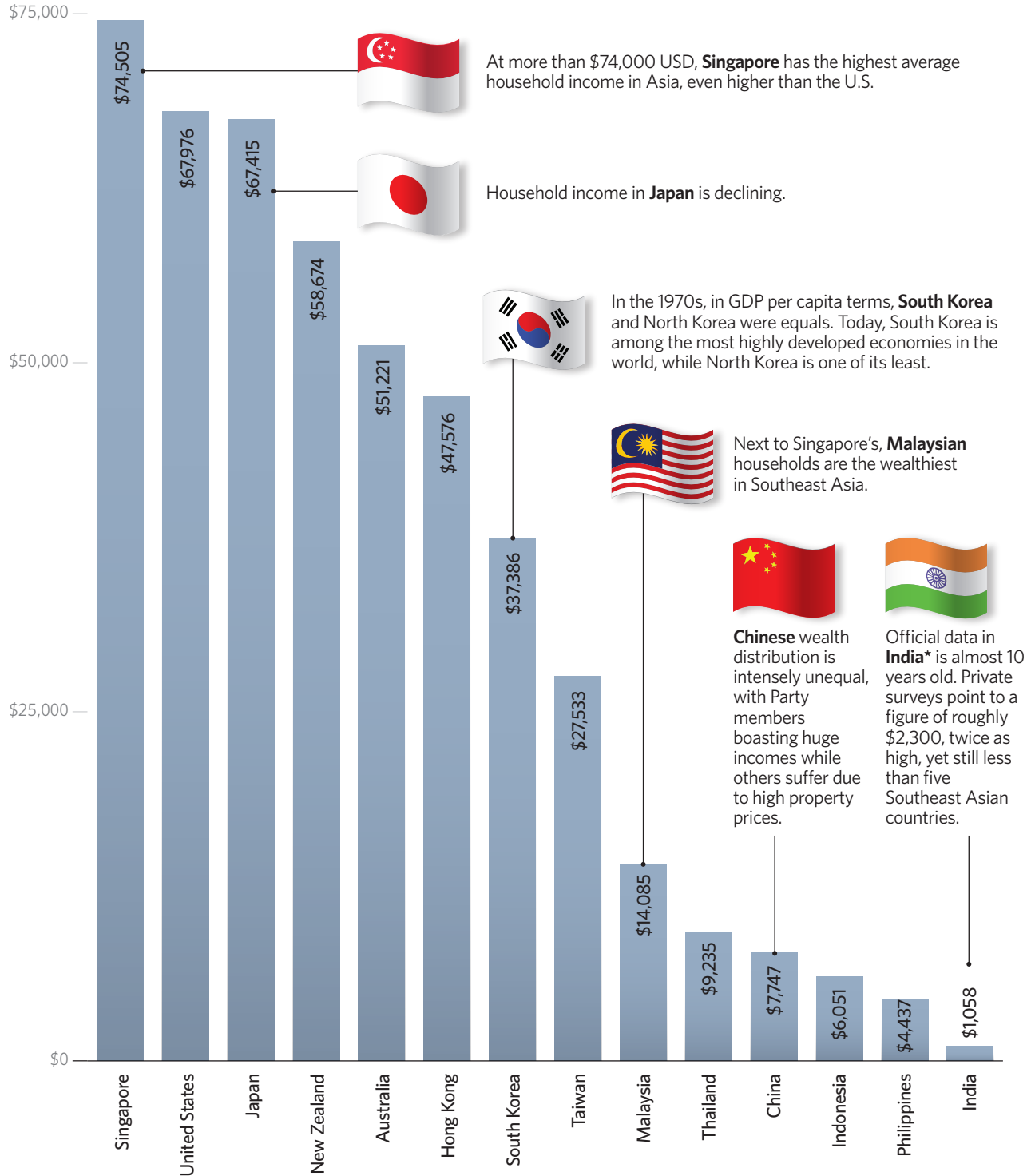
Source: U.S. Department of Commerce, Bureau of Economic Analysis, "Foreign Direct Investment in the U.S.: Country and Industry Detail for Income, 2012," millions of dollars, not seasonally adjusted.



# True Picture of Prosperity in Asia

Using household incomes as a measure of prosperity paints a more accurate picture than GDP per capita.

AVERAGE ANNUAL HOUSEHOLD INCOME, 2009-2010

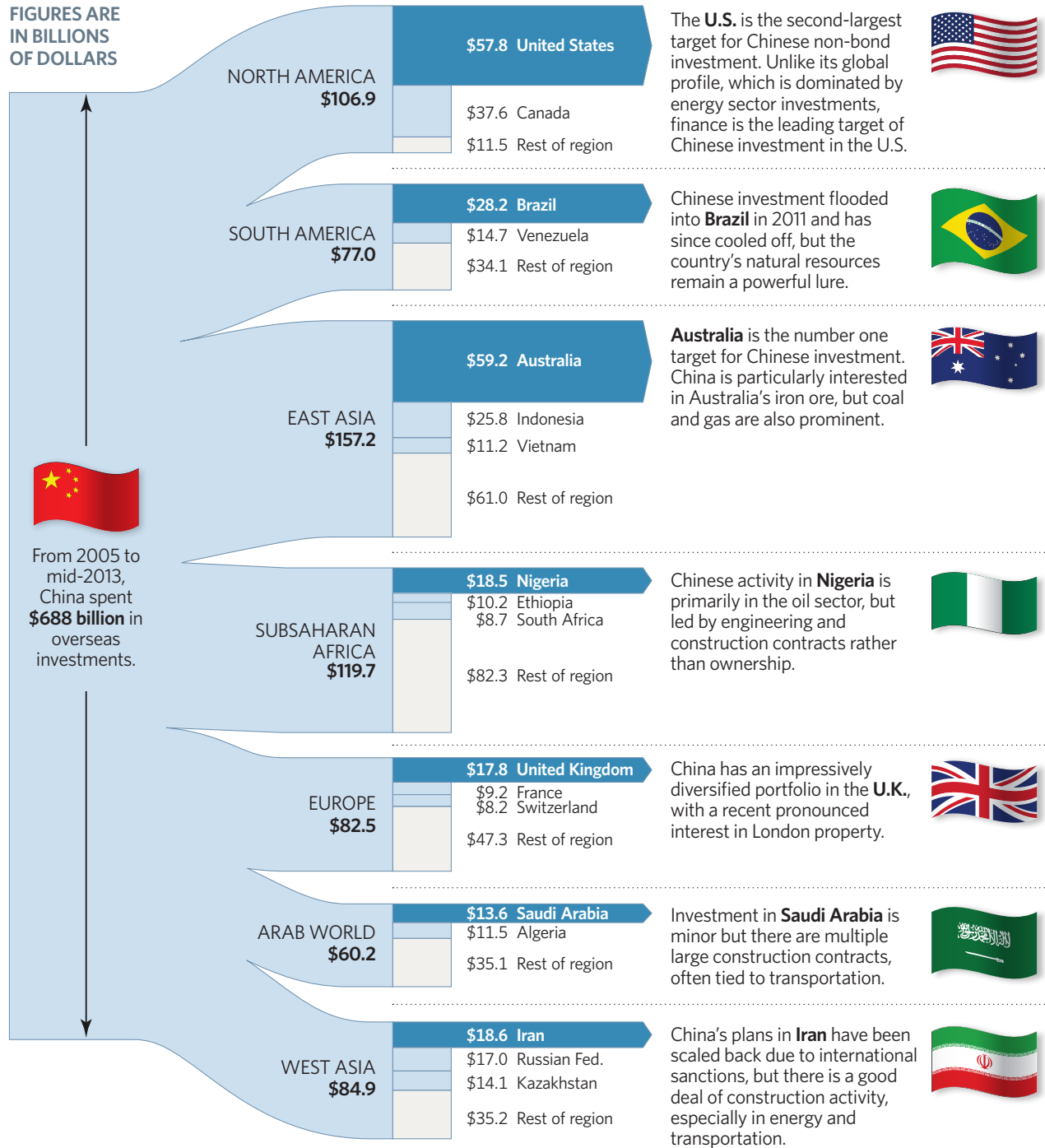


\* India's data are from 2004-2005.

Source: Data provided by individual nations' governments and Heritage Foundation calculations and research.

# China's Outward Investments and Contracts Are Expanding

China is now a global investor and where it is not investing, it is building roads, power plants, and other infrastructure. Chinese investment is well distributed geographically. Chinese firms have the versatility to operate in many environments.

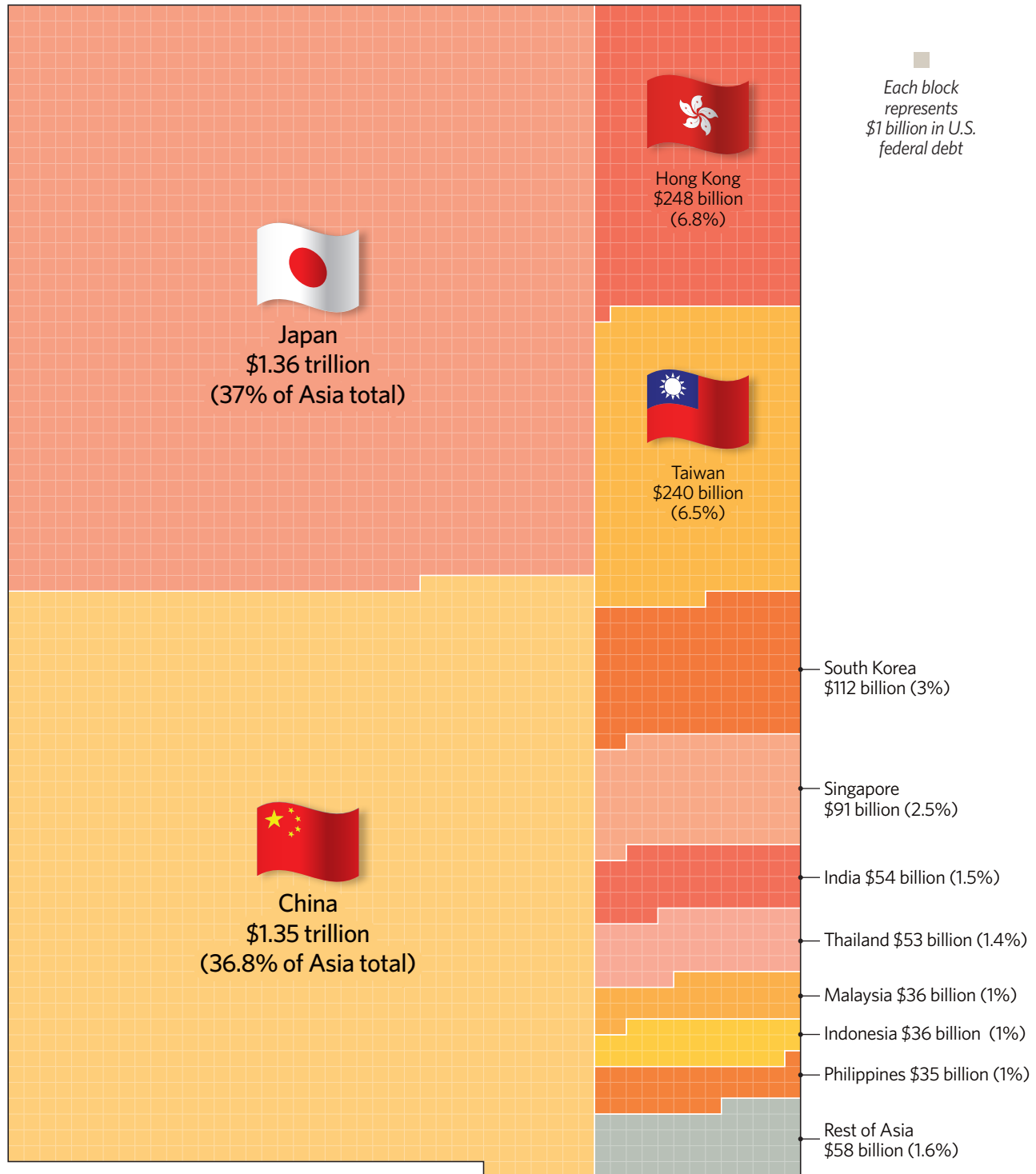


**Note:** Figures include direct investment and contracts. Figures may not sum to totals due to rounding.

**Source:** Derek Scissors, "China's Steady Global Investment: American Choices," Heritage Foundation *Issue Brief* No. 3990, July 22, 2013, <http://www.heritage.org/research/reports/2013/07/china-s-steady-global-investment-american-choices> (accessed July 22, 2013).

## Asian Central Banks Are Major Buyers of U.S. Government Debt

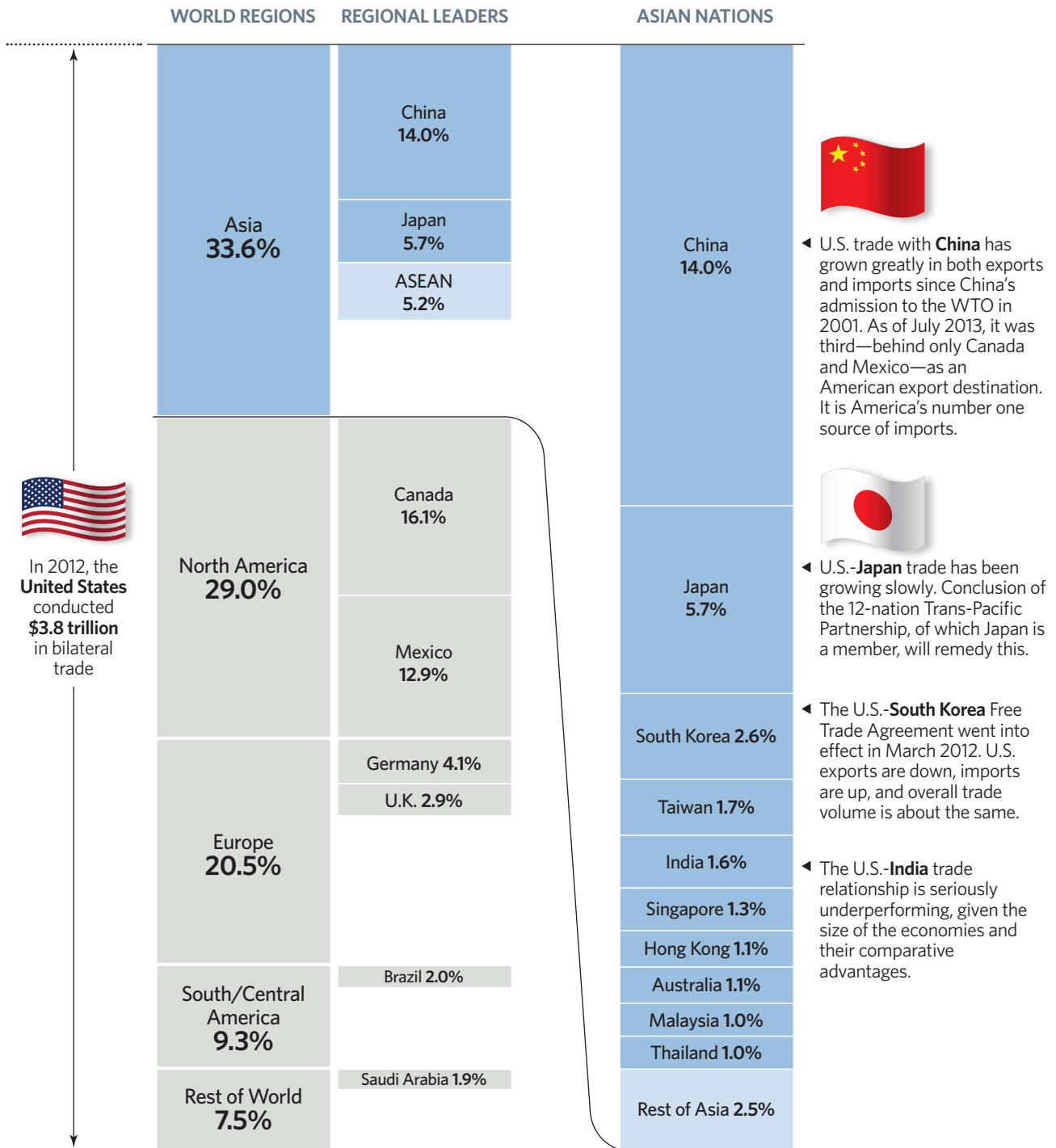
*Japan and China own near equal shares of America's foreign-held debt. Together, they own 17 percent of total U.S. federal debt.*



**Source:** U.S. Department of the Treasury, "Foreign Portfolio Holdings of U.S. Securities as of June 30, 2012," April 2013, Tables A2, A3, and A6, <http://www.treasury.gov/resource-center/data-chart-center/tic/Documents/shla2012r.pdf> (accessed September 16, 2013).

# Asia Is America's Biggest Trading Partner

The U.S. does more trade with Asia than any other region of the world. Alongside top trading partners China and Japan lies the Association of Southeast Asian Nations (ASEAN), a rapidly developing 10-nation bloc that is now America's fifth-largest trading partner.



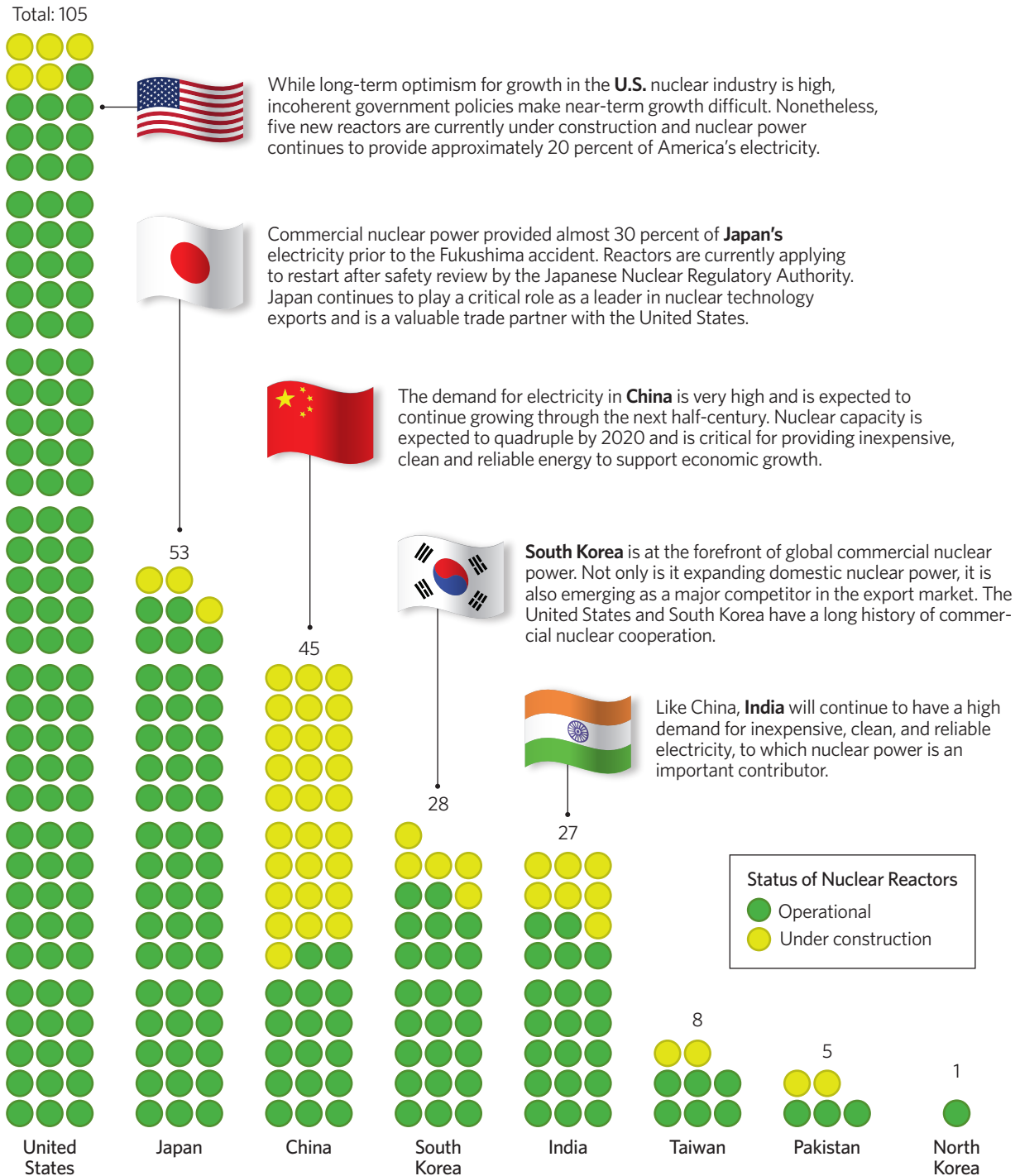
In 2012, the United States conducted \$3.8 trillion in bilateral trade

**Note:** Figures are not seasonally adjusted.  
**Source:** U.S. Census Bureau, "Top Trading Partners," December 2012, <http://www.census.gov/foreign-trade/statistics/highlights/topcurmon.html> (accessed February 13, 2012).



# The Growth of Nuclear Power in Asia

While commercial nuclear power is expected to continue providing inexpensive, clean, and reliable electricity around the world, the industry's greatest growth will come from Asia.



Source: World Nuclear Association, "WNA Reactor Database," 2013, <http://world-nuclear.org/NuclearDatabase/rdResults.aspx?id=27569> (accessed September 16, 2013).

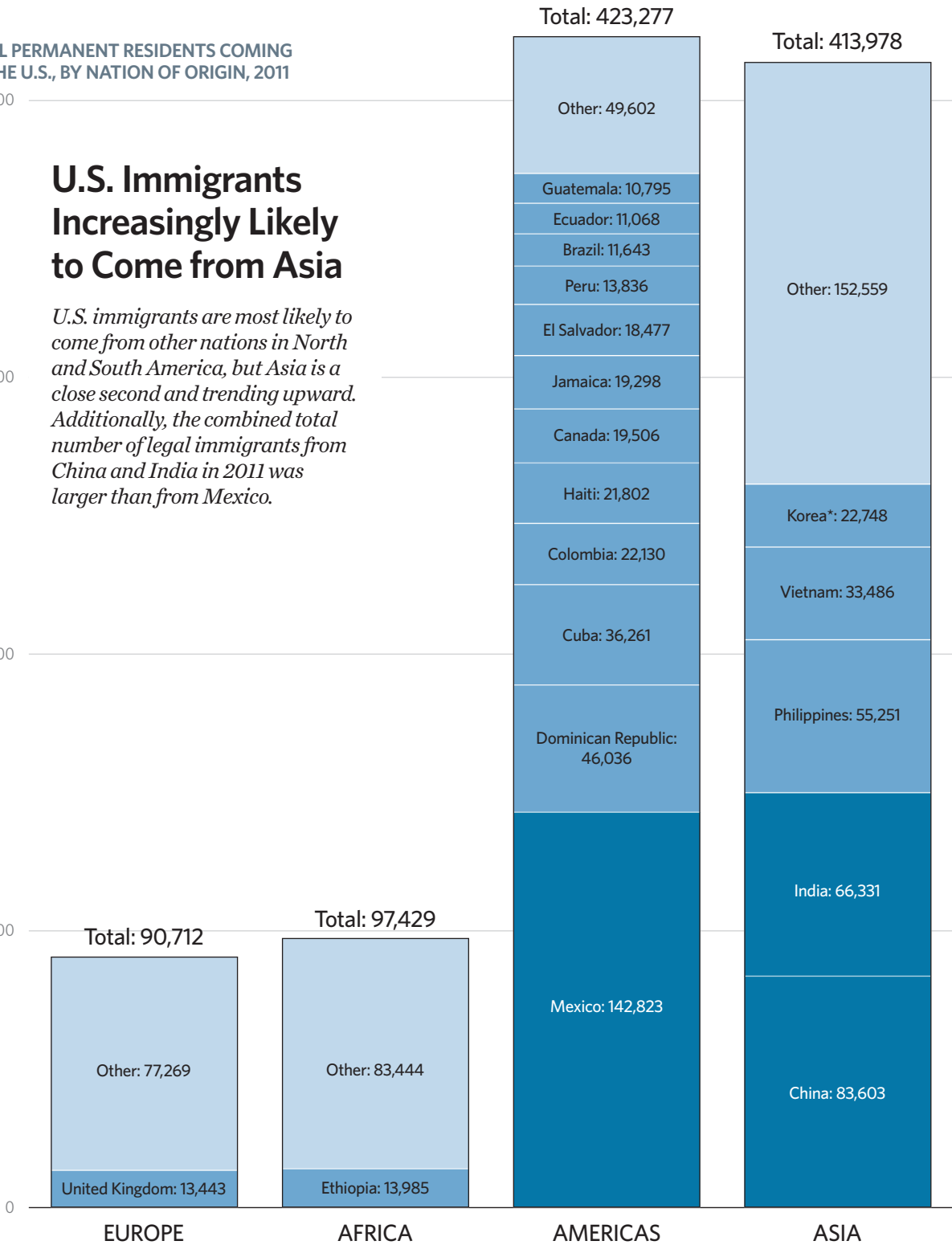
LEGAL PERMANENT RESIDENTS COMING TO THE U.S., BY NATION OF ORIGIN, 2011

400,000

300,000

200,000

100,000



\* Figures for North and South Korea.

Notes: "Other" refers to all other countries in the region whose totals are each less than 10,000. Figures for Asia include those nations the U.S. Department of Homeland Security categorizes as Oceania, but exclude Iran, Israel, Syria, and Turkey.

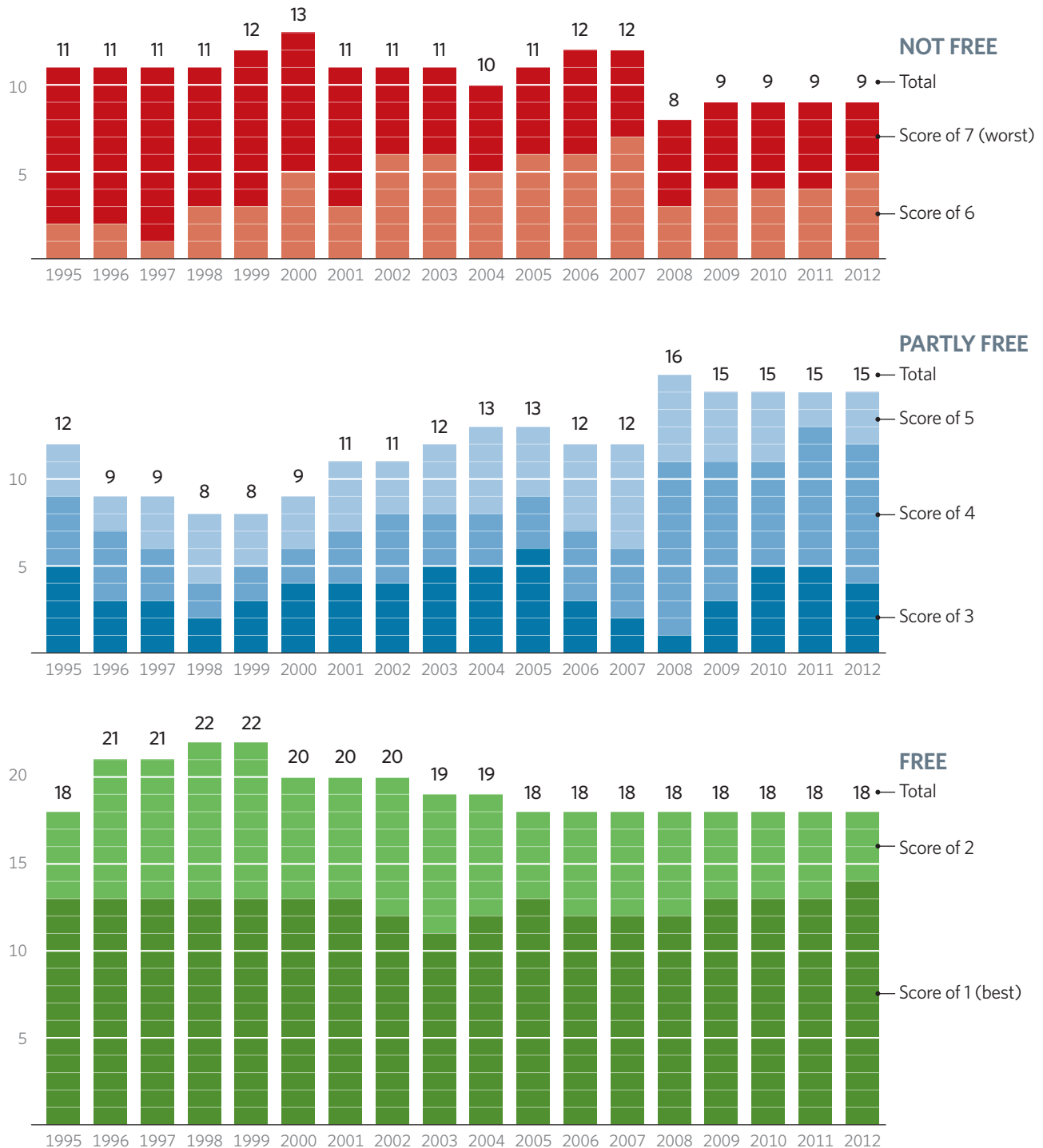
Source: U.S. Department of Homeland Security, Office of Immigration Statistics, "2011 Yearbook of Immigration Statistics," September 2012, [http://www.dhs.gov/sites/default/files/publications/immigration-statistics/yearbook/2011/ois\\_yb\\_2011.pdf](http://www.dhs.gov/sites/default/files/publications/immigration-statistics/yearbook/2011/ois_yb_2011.pdf) (accessed May 23, 2013).



## Political Freedom in Asia Is Mixed, but Gaining Ground

*Asia is home to a remarkable mix of political systems, from free market democracies to communist dictatorships. It is making slow but steady progress toward liberty. While the number of countries categorized as “Free” has remained relatively the same, more countries are moving from the “Not Free” category to “Partly Free.”*

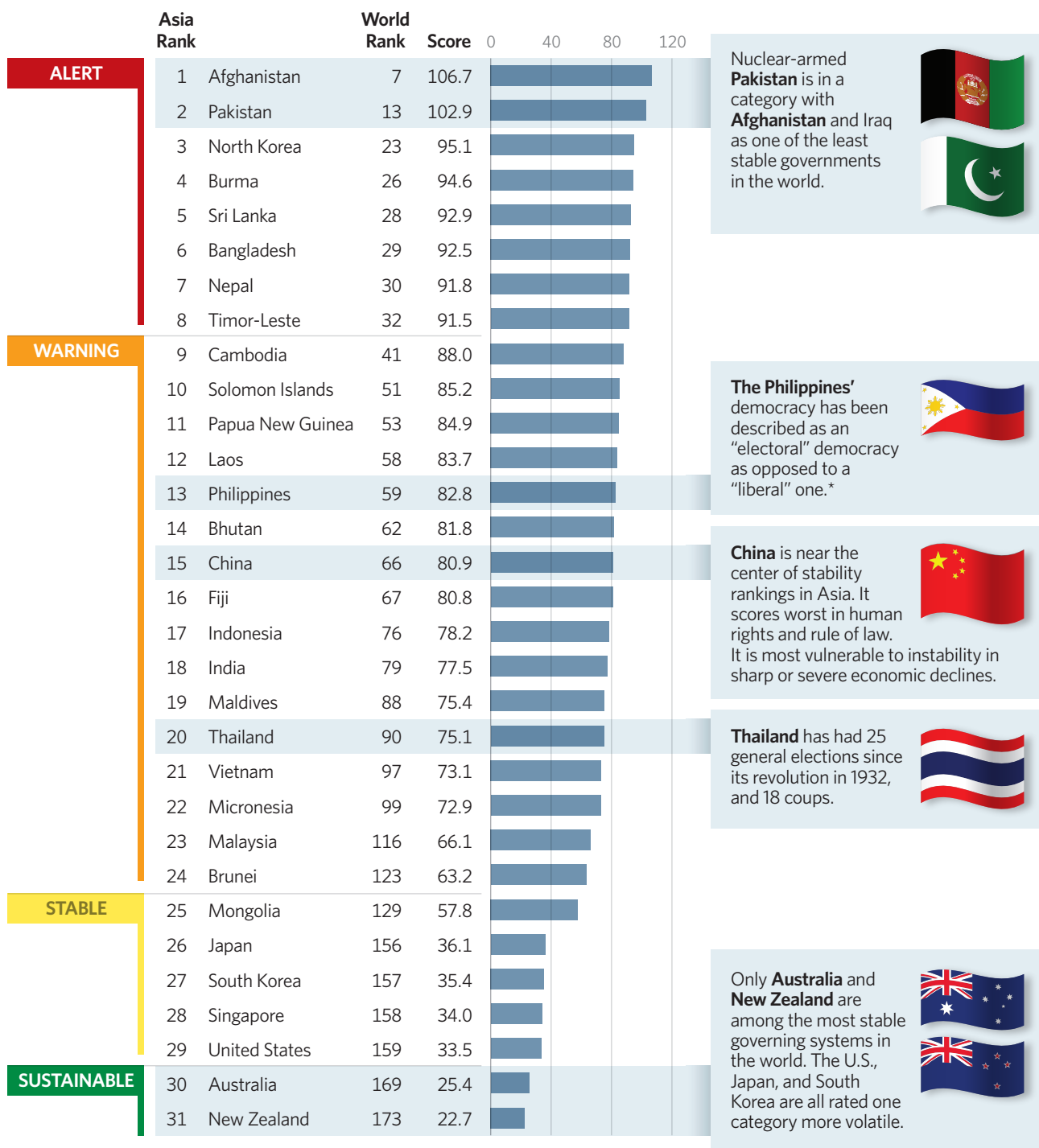
NUMBER OF COUNTRIES IN EACH FREEDOM CATEGORY



Source: Freedom House, 2013 Freedom in the World, <http://www.freedomhouse.org/report-types/freedom-world> (accessed September 5, 2013).

## Political Instability Remains the Downside of Asia's Dynamism

According to the 2013 Failed States Index, most Asian nations continue to exhibit high levels of political instability. Only a handful are rated stable or sustainable.









\* Larry Diamond, "Why East Asia—Including China—Will Turn Democratic Within a Generation," *The Atlantic*, January 24, 2012, <http://www.theatlantic.com/international/archive/2012/01/why-east-asia-including-china-will-turn-democratic-within-a-generation/251824/> (accessed September 19, 2013).

Source: Foreign Policy and Fund for Peace, Failed States Index 2013, [http://www.foreignpolicy.com/articles/2013/06/24/2013\\_failed\\_states\\_interactive\\_map](http://www.foreignpolicy.com/articles/2013/06/24/2013_failed_states_interactive_map) (accessed July 10, 2013).

## Freedom of the Press in Asia Lags

Global press freedom declined to a new low over the period since Freedom House began its annual index more than 30 years ago. Asia was an exception in the 2013 rankings. Its average score improved.

	Asia Rank	Country	World Rank		
<b>FREE</b> Press freedom serves an essential role in Asia's democracies, acting as a watchdog over government.	1	New Zealand	13	 Among the challenges the <b>U.S.</b> faces, according to Freedom House, is the limited willingness of high-level officials to provide access and information to the press.	
	2	Palau	13		
	3	Marshall Islands	19		
	4	United States	23		
	5	Australia	31		
		6	Micronesia	31	 A free media continues to play an essential role in <b>Taiwan's</b> vibrant democracy, although its score declined slightly due to delays in broadcast licensing that resulted in withdrawal from the market by a prominent and politically controversial investor.
		7	Japan	40	
		8	Vanuatu	45	
		9	Taiwan	47	
		10	Tuvalu	47	
		11	Kiribati	52	 The State Department's annual report on human rights calls government interference and intimidation of the press "evident" in <b>Mongolia</b> .
		12	Nauru	55	
		13	Papua New Guinea	55	
		14	Solomon Islands	55	
		15	Samoa	61	
		16	Tonga	61	
	17	South Korea	64		
	18	Timor-Leste	71		
	19	Hong Kong	71		
	20	Mongolia	77		
<b>PARTLY FREE</b> The press in several of Asia's democracies still rate only "partly free."	21	India	79	 <b>Thailand</b> dropped from "Partly Free" to "Not Free" due to continued prosecution of lèse-majesté cases, which can also be used to stifle political opposition.	
	22	Philippines	89		
	23	Indonesia	96		
	24	Bangladesh	112		
	25	Maldives	118		
		26	Fiji	120	 <b>Burma</b> scored the greatest press freedom gains in the world. Ongoing reforms there since 2011 have moved Burma ahead of China; previously it ranked ahead of only North Korea.
		27	Bhutan	126	
		28	Nepal	126	
		29	Thailand	140	
		30	Malaysia	146	
<b>NOT FREE</b> Principally due to the presence of China and Pakistan in this category, nearly 2 billion people in Asia live without press freedom.	31	Pakistan	146	 With Burma's improvement, <b>Vietnam</b> now holds the position of next-to-last in Asia, ahead of only North Korea.	
	32	Cambodia	149		
	33	Afghanistan	153		
	34	Singapore	153		
	35	Togo	159		
		36	Burma	162	
		37	Sri Lanka	164	
		38	Brunei	167	
		39	China	179	
		40	Laos	182	
		41	Vietnam	182	
		42	North Korea	196	

Source: Freedom House, *Freedom of the Press 2013*, Global Press Freedom Rankings, <http://www.freedomhouse.org/sites/default/files/Global%20and%20regional%20tables.pdf> (accessed July 8, 2013).

# America's Forward-Deployed Military Is Key to Regional Stability

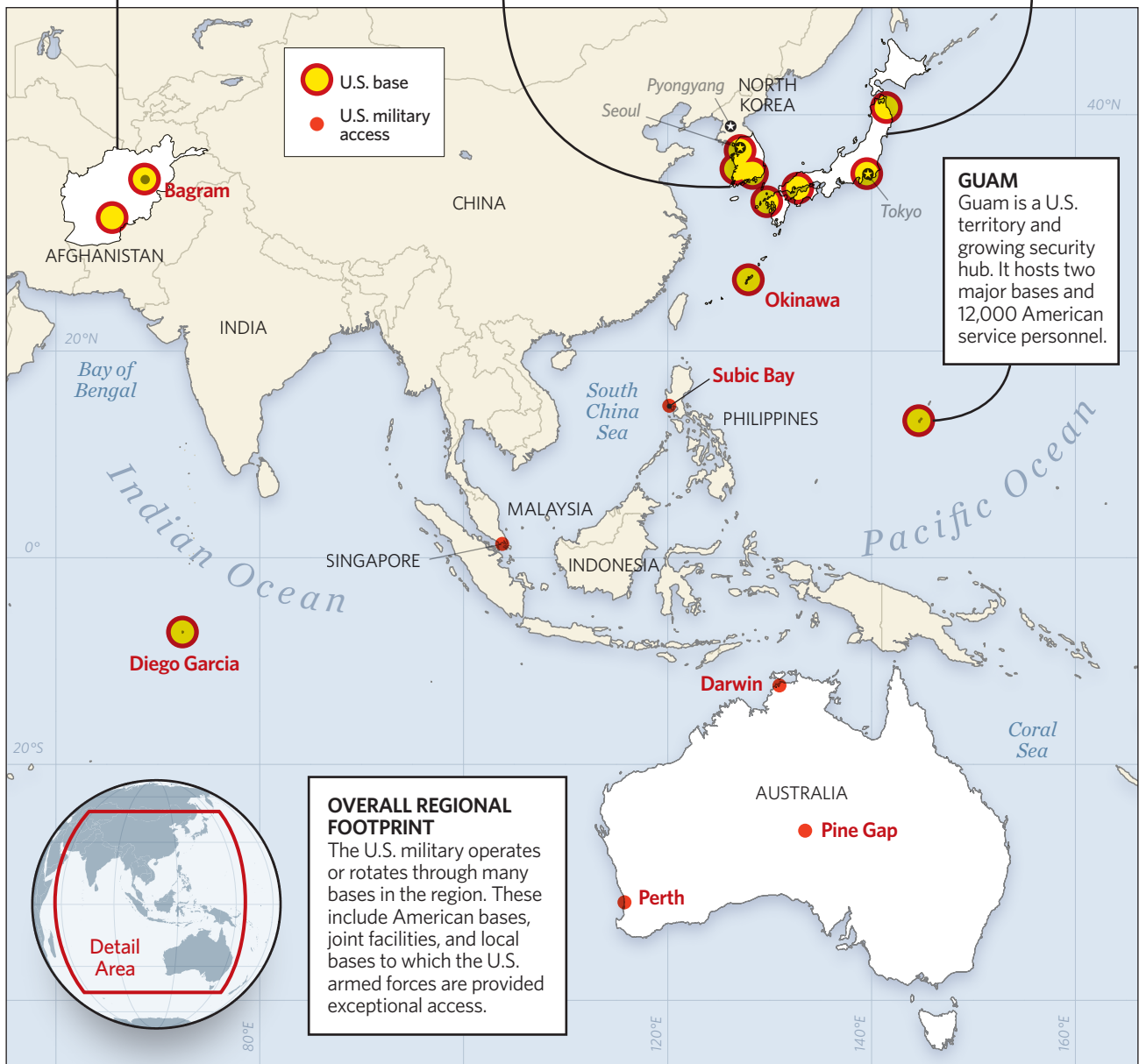
Since the end of World War II, the U.S. military has remained forward deployed in the Western Pacific. It currently maintains dozens of bases in the region, most notably in South Korea and Japan.

**AFGHANISTAN**  
The U.S. currently has about 60,000 troops in Afghanistan. All combat forces are scheduled to be withdrawn by the close of 2014, with only a residual force of more than 10,000 in support of Afghanistan's own forces.

**SOUTH KOREA**  
The U.S. is committed to maintaining a minimum of 28,500 troops on the Korean Peninsula to deter North Korean aggression. The two Korean nations remain technically at war, having only signed an armistice in 1953.

**JAPAN**  
The U.S. military maintains dozens of bases in Japan, accommodating a total of 38,000 Army, Air Force, Navy, and Marine Corps personnel. The U.S. Seventh Fleet is home ported in Yokosuka.

**GUAM**  
Guam is a U.S. territory and growing security hub. It hosts two major bases and 12,000 American service personnel.



**OVERALL REGIONAL FOOTPRINT**  
The U.S. military operates or rotates through many bases in the region. These include American bases, joint facilities, and local bases to which the U.S. armed forces are provided exceptional access.

Sources: U.S. Department of Defense, "Military Installations," <http://www.militaryinstallations.dod.mil/pls/psgprod/f?p=MI:ENTRY:0> (accessed March 5, 2012), and Heritage Foundation research.

## Japan, South Korea Allies Host Bulk of America's Military in Asia

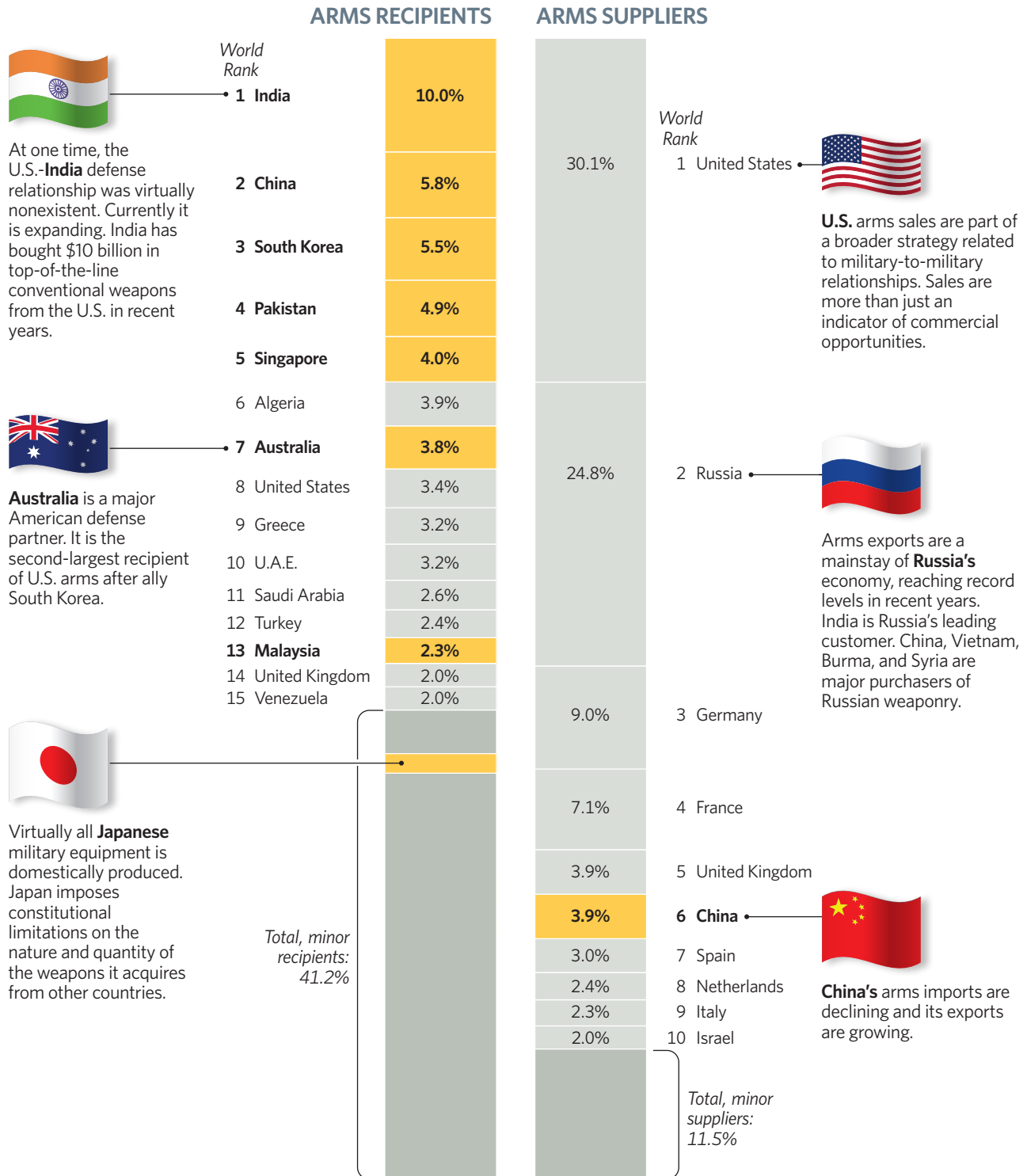
*The U.S. Navy, Air Force, and Marine Corps are stationed throughout Japan and South Korea to defend South Korea against invasion from the North and to secure peace and stability in the Pacific. They serve as glue for America's two most important alliances in the Pacific.*



Sources: U.S. Department of Defense, "Military Installations," <http://www.militaryinstallations.dod.mil/pls/psgprod/f?p=MI:ENTRY:0> (accessed March 5, 2012), and Heritage Foundation research.

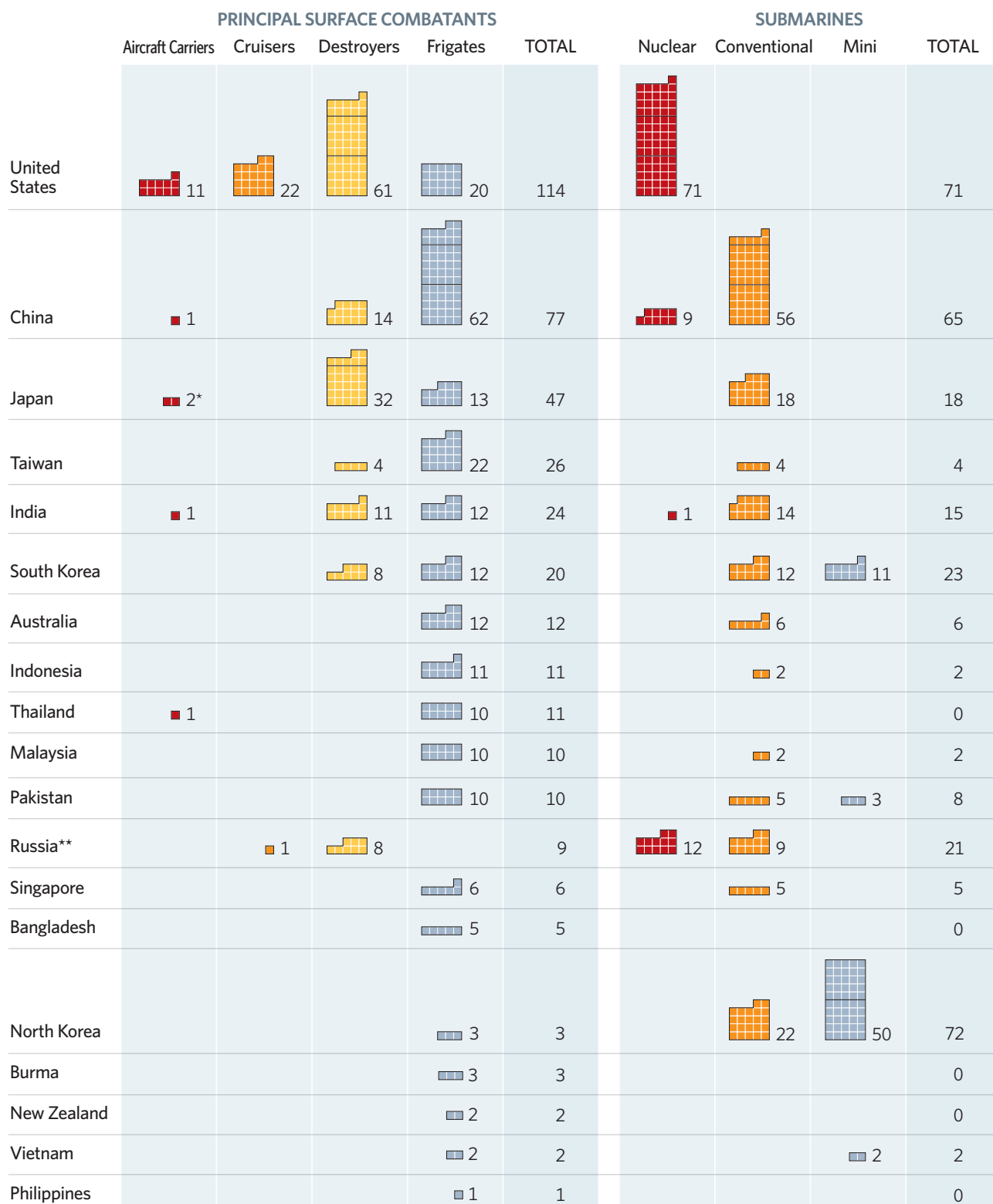
# Asian Nations Top List of Arms Buyers

The five largest recipients of major conventional weapons are all Asian nations. Figures shown are shares of global totals for 2007–2011.



Source: Stockholm International Peace Research Institute, SIPRI Arms Transfers Database, <http://www.sipri.org/databases/armstransfers> (accessed August 26, 2013).

## Asian Navies Vary Broadly in Size and Configuration

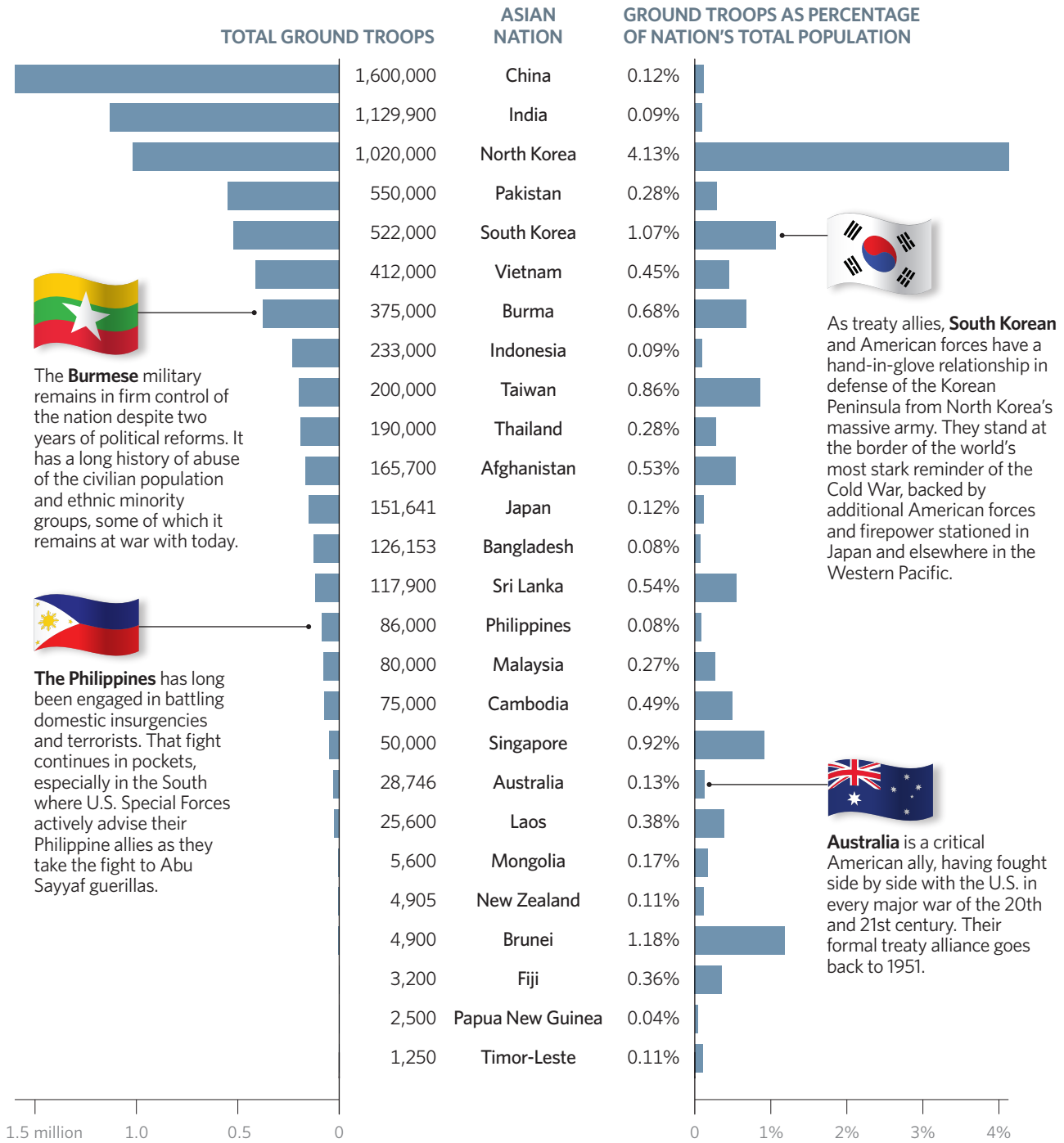


\* Japan's carriers are helicopter carriers. \*\* Figures are for Pacific fleet.

Source: International Institute for Strategic Studies, *The Military Balance 2013* (London: Routledge, 2013).

## China and North Korea Place Significant Focus on Ground Troops

With 1.6 million troops, China has by far the largest ground forces in Asia, but that figure represents only 0.12 percent of their total population. Two spots behind is North Korea with just over 1 million troops, and with 4.1 percent of their nation's entire population in the army, it is the region's most militarized nation.



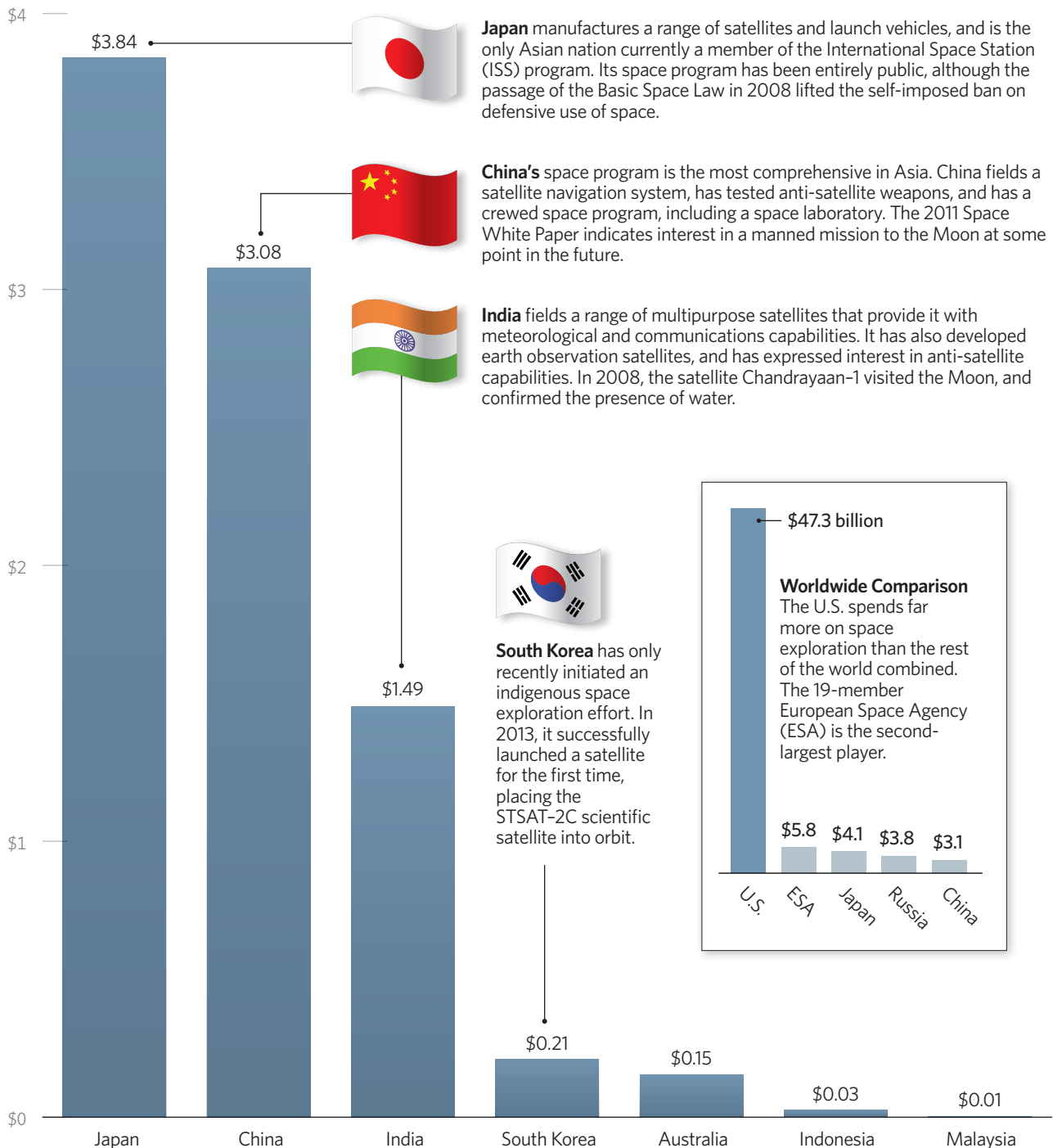
**Notes:** Ground forces numbers include those who have been conscripted. Brunei, Bhutan, and Nepal are not included.  
**Sources:** International Institute for Strategic Studies, *The Military Balance 2012* (London, Routledge, 2012), pp. 225-293, and CIA World Factbook, July 2013, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html> (accessed August 23, 2013).



## Asian Space Budgets

*With the growth of their economies and rising levels of scientific and technological prowess, more and more Asian states are developing indigenous space capabilities to serve both military and civilian ends. Japan, China, India, and South Korea are all developing their own space industries, including launch capabilities and satellite manufacturing.*

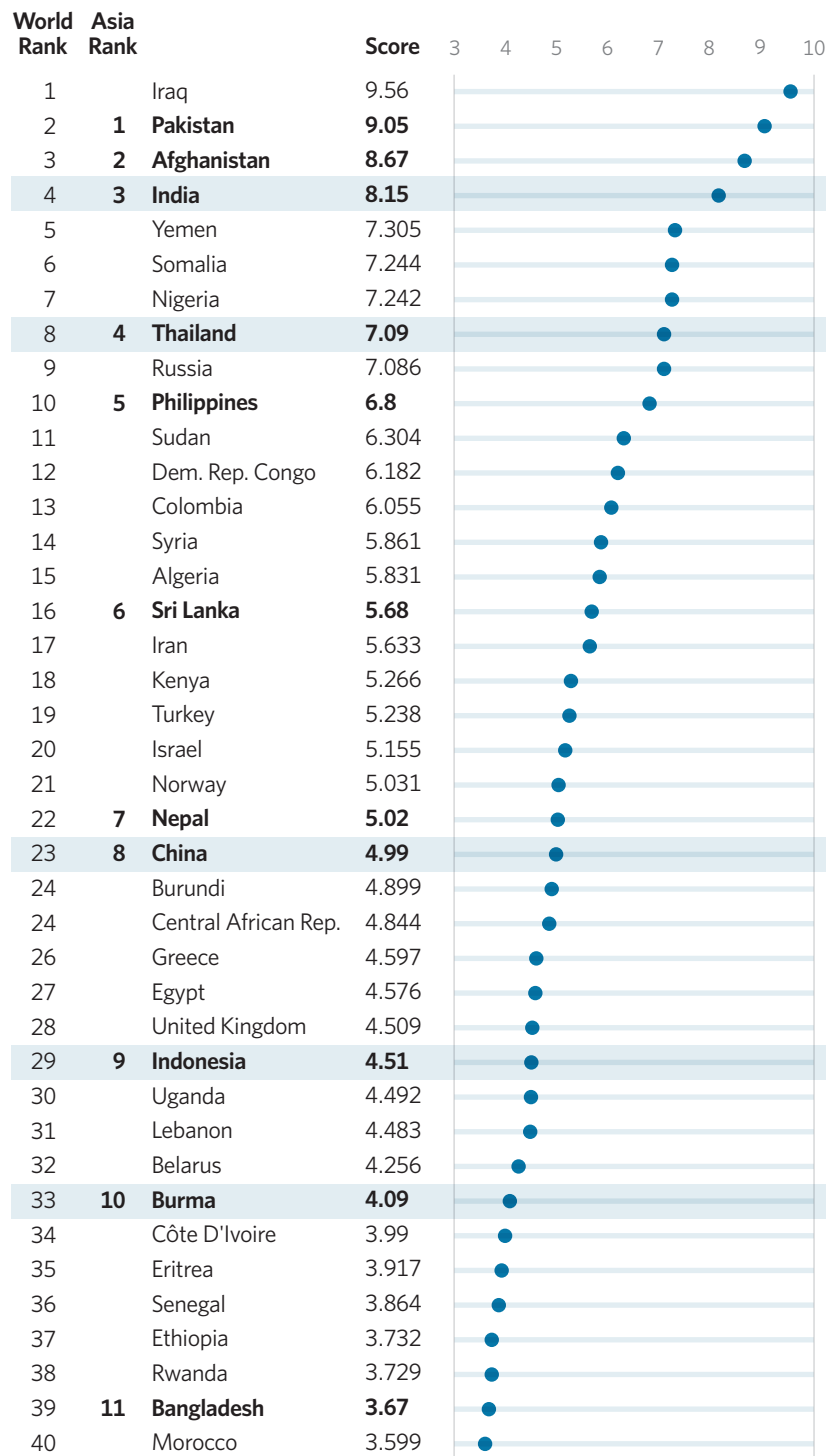
2011 SPACE BUDGET IN BILLIONS OF U.S. DOLLARS



**Source:** The Space Foundation, *The Space Report 2012: The Authoritative Guide to Global Space Activity* (Colorado Springs, CO: The Space Foundation, 2012).

## Terrorist Attacks a Problem in Several Asian Nations

Three Asian nations are among the top four countries in terms of the number of terror attacks committed within their borders. Asian nations also hold five of the top ten spots on the list. The chart below lists the top 40 nations.



**India** suffered thousands of casualties from terrorism long before America's tragic experience on 9/11. India continues to suffer from attacks, including those coordinated in Pakistan, like the 2008 Mumbai attacks.



For many years, **Thailand** has fought a separatist insurgency and terrorists in its South. Since 2004, more than 5,000 people have died in the war, partly due to the poor handling of the problem by the government.



Given the closed nature of the **Chinese** media on the most sensitive political issues and the tendency of government officials to conflate dissent with terrorism, it is very difficult to ascertain the real level of threat in China's troubled Western areas.



Despite suffering major terrorist attacks from 2003 to 2005 and again in 2009, **Indonesia** has made considerable progress in prosecuting the war against terrorism.



Political reforms in **Burma** over the last year appear to have had a negative impact on the relationship between the majority Buddhist population and minority Muslim groups. Muslims have been increasingly the target of mob violence.

Source: Institute for Economics and Peace, "Global Terrorism Index: 2012," December 2012, <http://www.visionofhumanity.org/#/page/indexes/terrorism-index> (accessed July 23, 2013).





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