

**South China Sea
NewsWire**

The aggregator service for balanced and insightful news.

**U.S. POLICY
IN THE
INDO-PACIFIC**

STRATEGY, CHALLENGES, & PROSPECTS

*Written by James
Borton, Editor-in-
Chief & David
Hessen,
Managing Editor*

Table of Contents

Key Takeaways — SCSNW Indo-Pacific Special Report	2
U.S. Policy in the South China Sea: Strategy, Challenges, and Prospects.....	Error!
Bookmark not defined.	
A Sea at the Center of Power	3
Strategic Context: From Pivot to Power Play.....	3
Key Features of the Trump Indo-Pacific Strategy	5
The Big Picture, as Conceived	5
A Decent Peace Through Strength	5
Burden-Sharing and Transactional Alliances.....	6
Economic Statecraft and the Trade War	6
Diplomatic Opacity and the Quad	7
The Only Domestic Constant is Change.....	8
Regional Reactions and Implications.....	9
Policy Recommendations.....	10
Conclusion: An Unfinished Strategy	10
References and Sources.....	12

Key Takeaways — SCSNW Indo-Pacific Special Report

1. Indo-Pacific downgraded, but not abandoned

- The Trump administration has reprioritized the Western Hemisphere, placing the Indo-Pacific second in strategic hierarchy.
- China is no longer framed as an existential threat, but as a manageable rival to be balanced.

2. Strategy shift: from “pivot” to power equilibrium

- U.S. policy has evolved from Obama-era multilateralism to Trump-era deterrence through strength.
- Objective is no longer transformation of China, but maintenance of a stable balance of power.

3. Deterrence anchored in the First Island Chain

- Washington is building a denial defense architecture stretching from Japan through Taiwan to the Philippines.
- Goal: convince Beijing that any military aggression would fail.

4. Transactional alliances are reshaping regional security

- The United States is pressing allies—especially Japan and South Korea—to increase defense spending and host-nation support.
- This is accelerating rearmament but also eroding trust and alliance cohesion.

5. Economic strategy remains the weakest pillar

- Tariffs and trade pressure lack a coherent regional economic framework.
- Absence of a TPP-like structure leaves the U.S. outmatched by China’s economic diplomacy, including RCEP and Belt and Road.

6. China adapts with “soft power plus presence”

- Beijing combines maritime assertiveness (coast guard, militia) with science diplomacy and environmental cooperation narratives.
- Marine science and fisheries management are emerging as low-risk tools for influence.

7. Southeast Asia hedges, not aligns

- Regional states avoid choosing sides.
- Core dynamic: engage both powers, commit to neither.

8. U.S. credibility under strain

- Transactional diplomacy, shifting priorities, and political volatility undermine confidence.
- Allies increasingly view the United States as “indispensable but unpredictable.”



A Sea at the Center of Power

The South China Sea has emerged as the epicenter of 21st-century geopolitics. It is where strategic rivalry, global trade, energy security, and environmental concerns collide. For the Trump administration, which took office in January 2025 with a mandate to recalibrate American foreign policy, the region has shifted into second place behind the Western Hemisphere yet remains a major focus. Unlike its predecessors, including even the President’s first term, the administration has rejected notions of existential struggle and a “pivot” to Asia, instead prioritizing local defense and tolerable coexistence.

In 2026, the Trump administration’s second-term Indo-Pacific strategy has increasingly taken shape. While the approach does not prioritize the Indo-Pacific over all other regions, the administration’s Indo-Pacific strategy emphasizes deterrence through military strength, demands greater burden-sharing from U.S. allies, and essentially seeks to maintain a geopolitical status quo. U.S. Government planning documents, such as the 2025 National Security Strategy (NSS) and 2026 National Defense Strategy (NDS), do not frame the People’s Republic of China (PRC) as America’s primary strategic threat as in previous versions, but instead depicts a rival that the United States must balance. This report examines the evolution of this strategy, its core features, risks, regional reactions, and the policy choices that lie ahead for Washington.

Strategic Context: From Pivot to Power Play

To understand the evolution of U.S. strategy from prioritizing the threat posed by the PRC to seeking instead to balance, it is essential to consider how the Indo-Pacific and China became a key concern for Washington in the first place. Previous U.S. administrations had hoped to “socialize” China within the community of nations by using trade and international norms of behavior to ensure Beijing would become a rational and constructive global actor. However, as the PRC grew in both economic and military capability over the 2000s, Beijing began to strain against aspects of the U.S.-led global order that it felt unfair, such as perceived interference in China’s domestic affairs and unresolved territorial disputes.

In response, Washington increasingly saw the PRC as a potential threat to U.S. hegemony. The United States observed China's island building in the South China Sea, militarization of the Spratly Islands, and coercive economic practices as evidence that attempts to integrate China had failed. In response, the Obama administration's 2011 "pivot" to Asia emphasized multilateralism, trade architecture and alliance reassurance, designed to shore up U.S. influence in the eastern Indo-Pacific without explicitly calling for a hard line against Chinese expansionism.

However, the efforts of the Obama administration were unsuccessful in deterring Beijing and by 2017, China had effectively established control over contested waters, changing the facts on the ground—or rather, on the water. In response, Washington redefined U.S. posture. The first Trump administration's 2017 National Security Strategy and 2018 National Defense Strategy made it official: Beijing was no longer a competitor, but a revisionist power bent on displacing U.S. global leadership that needed to be countered both in the Indo-Pacific and throughout the world.

In turn, Washington began reallocating resources toward Asia. The message was clear: the future of U.S. global strategy would be written in the Indo-Pacific. But unlike Obama's multilateral pivot, Trump's approach emphasized direct confrontation and military force—a pivot transformed into a power play. The Trump administration ramped up freedom of navigation operations (FONOPs) in contested waters, especially within the South China Sea and the Taiwan Strait, and increased cooperation with nations such as the "Quad" of Japan, Australia, and India. Under Trump's leadership, Washington also began a trade war designed to punish China's unfair economic practices and help reduce U.S. reliance on Chinese products. During the Biden administration, the United States grew its network of military facilities such as new bases in the Philippines under the Enhanced Defense Cooperation Agreement (EDCA), and expanded diplomatic, economic, and security ties with Indo-Pacific allies concerned with China's rise. However, the Biden administration haphazardly increased its regional military footprint due to conflicting priorities in the Middle East and Eastern Europe.

When President Trump returned to office in January 2025, the initial contours of his administration's policy towards the PRC quickly became apparent. China was framed in executive orders as a primary competitor, largely in line with Washington's previous characterizations even if it was

no longer the primary threat. The Trump administration enacted punitive measures such as tariffs to end what it perceived as malign Chinese acts, including claimed currency manipulation and intellectual property theft. However, it was not until the second Trump administration's strategy documents were unveiled that China's place in the new Trumpian view of the Indo-Pacific and the world became apparent.

Key Features of the Trump Indo-Pacific Strategy

The Big Picture, as Conceived

According to the 2025 NSS, Washington's overall priority is the Western Hemisphere, so as to reassert U.S. dominance in the lands and seas close to its borders. The NSS argues that in doing so, the U.S. government will be able to sharply reduce the flow of lethal drugs into the United States and prevent hostile regimes from gaining a foothold in the Western Hemisphere.

Consequently, the Indo-Pacific is second in the NSS hierarchy, and the concerns that the PRC represented over the last few administrations are not as pressing. The 2026 NDS therefore calls for the United States to achieve a favorable balance of power against China in the Indo-Pacific, not to achieve regime change or enact deliberately confrontational behavior, but rather to deter Beijing from undertaking any initiative that would upset the regional status quo.

A Decent Peace Through Strength

While the NDS makes it clear that the Trump administration is interested in peace and fair trade with China instead of U.S. domination, it also seeks to maintain Washington's ability to negotiate with Beijing from a favorable position of strength. Therefore, the Trump administration will seek to build and sustain strong denial defense within the First Island Chain from Japan, through Taiwan, down to the Philippines. By building up these capabilities, Washington seeks to convey to Beijing that any aggression against U.S. interests will inevitably fail. This defensive architecture will set the conditions for a durable and decent peace that all Indo-Pacific nations can benefit from. U.S. officials will also communicate Washington's aims to Beijing in order to reduce strategic surprise.

Burden-Sharing and Transactional Alliances

True to Trump's transactional instincts, the first Trump administration increasingly pressed allies to shoulder more of the financial and operational load of mutual defense. The second Trump administration is no different, with Washington urging Japan and South Korea to shoulder a greater share of defense costs through increased host-nation support. The NDS underscores that even as the United States strengthens denial capabilities along the First Island Chain, it expects allies to expand their own military readiness. That transactional approach has begun to fray trust even as it accelerates regional rearmament.

Economic Statecraft and the Trade War

If the military leg of U.S. strategy is firm, the economic leg remains uneven. Economics have become a blunt instrument unevenly applied. On the Trump administration's proclaimed "Liberation Day" on April 2, 2025, Washington enacted 34% tariffs on China due to Beijing's perceived unfair trade practices. China pushed back hard, investigating U.S. companies doing business in China and limiting exports of rare earths minerals to the United States. By October 2025, Beijing and Washington had reached a truce during the Asia-Pacific Economic Cooperation (APEC) Summit in Busan, South Korea. Although the truce has largely held since then, the future of this economic battle remains far from certain.

The first Trump administration launched a tariff war with Beijing, targeting unfair trade practices such as intellectual property theft and industrial subsidies. While disruptive, the campaign signaled a willingness to wield economic pressure as a tool of strategic competition. At the same time, Washington touted alternative infrastructure financing through the U.S. International Development Finance Corporation, though its scale lags far behind China's Belt and Road Initiative. During the first Trump and Biden administrations, Washington expanded targeted supply-chain initiatives and infrastructure financing tools, but no broad, region-wide trade architecture comparable to the former Trans-Pacific Partnership (TPP) has materialized. The United States initiated a powerful economic salvo against China, but Washington's inability to set favorable conditions ensures greater uncertainty for future struggles.

Lack of consistent, far reaching economic policy further complicates the landscape. The withdrawal from the TPP and the imposition of tariffs, including on local allies such as Japan and South Korea, have disrupted established supply chains and eroded trust, while Beijing has moved swiftly to fill the vacuum through the Regional Comprehensive Economic Partnership. Washington's economic engagement increasingly lags behind its military presence, weakening one of the core pillars of its influence.

In the South China Sea, economics matters as much as warships. Energy projects, fisheries access and undersea cables are shaping strategic choices. Without a compelling economic alternative, U.S. influence risks being perceived as primarily military, limiting Washington's tools to affect regional developments.

Diplomatic Opacity and the Quad

The Indo-Pacific replaced the "Asia-Pacific" in official U.S. lexicon, signaling a wider geographic vision stretching from the Indian to the Pacific oceans. The Quadrilateral Security Dialogue (Quad)—involving the United States, Japan, Australia, and India—was elevated as a loose strategic forum. Yet Trump's preference for bilateralism and his insistence to draw allies into conflicts outside of their home region often clashes with the multilateral instincts of allies, leaving some initiatives underdeveloped and incapable of preserving the status quo.

As a consequence, Beijing has not retreated. Chinese coast guard patrols remain regular in contested waters, particularly around Second Thomas Shoal and in Vietnam's economic zone. Maritime militia activity continues, often operating in gray zones below the threshold of direct military confrontation. At the same time, China has sharpened its diplomatic messaging. It portrays U.S. regional involvement as destabilizing and presents itself as a regional partner committed to "win-win cooperation." In 2026, China also emphasizes marine science, environmental monitoring and joint fisheries management—low sensitivity areas that offer diplomatic cover and strategic presence simultaneously.

Washington's transactional diplomacy begins to erode confidence among its allies. Japan and South Korea generally have met rising cost-sharing demands, though not without domestic discontent. For example, Japan has largely absorbed the demands-- committing to a record defense

budget of roughly \$55 billion in 2026 and advancing plans to double defense spending to 2% of GNP by 2027, alongside investments in counterstrike capabilities, missile defense and unmanned systems. South Korea, with a 2026 defense budget exceeding \$50 billion, is likewise expanding its missile programs, naval modernizations and drone warfare units. Together, these efforts reflect a broader shift toward self-reliant deterrence across Northeast Asia as confidence in U.S.-led multilateral frameworks comes under renewed strain. Concurrently, Southeast Asian states want U.S. presence but grow wary of being reduced to instruments in a larger power rivalry rather than being treated as equal partners in shaping regional security.

The Only Domestic Constant is Change

Compounding these external challenges is domestic instability. Deepening partisan divisions and rapid turnover among senior officials have eroded policy continuity, leaving allies uncertain about America's staying power. For many in the region, the fear is that U.S. commitments could shift with every election cycle, month, or social media post, weakening trust in Washington's long-term reliability as a security partner.

Concerns about U.S. commitment to alliances in the Indo-Pacific have grown as Washington's gaze elsewhere has become more pronounced. For example, the Trump administration has prioritized law enforcement action in Venezuela and the Caribbean, implemented an energy stranglehold over Cuba, and has levied thousands of U.S. troops and military platforms against Iran in the largest U.S. military action in decades. These actions, while arguably successful at achieving U.S. interests in their respective regions, have left Washington's partners in the Indo-Pacific concerned that the United States may be too overstretched, or worse, too distracted, to assist in a moment of crisis.

These mounting strains are forcing Washington to rethink how it projects power and partnership in the Indo-Pacific. The lesson, increasingly clear to both allies and rivals, is that influence cannot rest solely on military might or transactional diplomacy. To sustain leadership in a region defined by connectivity and competition, the United States must recalibrate—aligning strategic ambition with economic engagement, and coupling deterrence with a renewed commitment to multilateral cooperation.

Regional Reactions and Implications

Across the Indo-Pacific, regional reactions to Washington's harder line on China reveal both convergence and unease. Japan and Australia stand out as the most dependable partners, aligning closely with the "Free and Open Indo-Pacific" vision. Tokyo has deepened its security cooperation with the United States and takes on a more proactive regional role by expanding its defense expenditure ahead of schedule, while Canberra has expanded military interoperability and intelligence sharing. Yet, Trump's repeated calls for yet further higher financial contributions from allies and his insistence that they provide assistance in the Persian Gulf cast a lingering shadow of doubt over U.S. reliability, stirring quiet concern about the sustainability of American commitments.

In Southeast Asia, responses are far more fragmented. ASEAN states split along familiar lines of proximity, history, and national interest. Vietnam, facing persistent incursions into its exclusive economic zone by Chinese vessels, leans more openly toward Washington's orbit. The Philippines, under former President Rodrigo Duterte, vacillated between Beijing and Washington, reflecting a deep ambivalence about dependence on either power. Current President Ferdinand Marcos Jr. has made clear that the Philippines will not surrender "even one square inch" of its maritime territory in the South China Sea, stressing the need to uphold international law while simultaneously leaning into deeper security ties with the United States—even as he seeks to keep the door open to economic engagement with China. Malaysia and Indonesia, wary of being drawn into great-power rivalry, instead opt for strategic neutrality—favoring the same economic engagement with both sides while avoiding overt alignment.

India's engagement reflects both convergence and caution. New Delhi welcomes greater U.S. involvement in the region, especially through the Quad, which it sees as a useful platform to balance China's rise. Yet India's tradition of strategic autonomy limits the extent of its cooperation, ensuring that alignment never hardens into a formal alliance. New Delhi's approach reflects the broader regional instinct—to hedge rather than choose sides.

China, meanwhile, responds with defiance and countermeasures. Beijing has dismissed U.S. actions as destabilizing and used them to justify its own maritime patrols and military buildup. At the same time, it has accelerated Belt and Road projects across the region and deepened diplomatic and

economic ties with ASEAN members. In Beijing’s narrative, it is Washington—not China—that is heightening regional instability.

The broader effect of these dynamics is polarization. While Washington’s presence remains indispensable for balancing China’s power, doubts about its reliability and its reliance on coercive tools undermines its coalition-building capacity. For many regional governments, the Trump years underscore a paradox: the United States is both necessary and unpredictable—a power too vital to ignore, yet too volatile to fully trust.

Policy Recommendations

The Trump administration’s Indo-Pacific strategy is decisive but incomplete, laying the groundwork for a more enduring U.S. presence yet failing to balance power projection with partnership. Moving forward, Washington must pursue a more sustainable, multidimensional approach. Rebuilding credible economic engagement is essential—either through rejoining a major trade pact or forging new regional frameworks that can offset China’s economic dominance. Restoring confidence among allies will require moving beyond transactional demands toward long-term capacity building and clearer reaffirmation of defense commitments.

Equally vital is establishing effective crisis-management mechanisms with China to reduce the risks of maritime miscalculation. The United States should also broaden its engagement beyond security, focusing on shared challenges such as climate resilience, public health, and infrastructure investment that align with regional priorities. Deepening cooperation within the Quad and ASEAN frameworks will reinforce Washington’s multilateral credentials and counter perceptions of unilateralism. Finally, embedding the Indo-Pacific strategy in bipartisan legislation can ensure continuity across administrations, giving allies confidence that U.S. leadership in the region rests on durable foundations rather than shifting political winds. In doing so, the Trump administration will be able to realize its goal of deterring China into accepting a status quo tolerable for all parties.

Conclusion: An Unfinished Strategy

The Trump administration’s Indo-Pacific strategy marks a turning point in U.S. engagement with Asia. By no longer identifying China as America’s primary strategic threat and deprioritizing the region, Washington has

injected new concerns about its role as an Indo-Pacific power and the sustainability of its commitments. For many in the Indo-Pacific, the approach appears uneven—strong on deterrence, weak on diplomacy and economic vision, and fragile in its staying power.

For allies and adversaries alike, the legacy of the Trump years is one of paradox: U.S. power is assertive and indispensable, yet unpredictable and often self-limiting. As the South China Sea grows ever more central to global security, the question remains whether America can craft a coherent, enduring strategy that balances strength with stability.

References and Sources

- U.S. Department of State. *A Free and Open Indo-Pacific: Advancing a Shared Vision*. Washington, D.C., November 2019.
- The White House. *National Security Strategy of the United States of America*. December 2017.
- The White House. *National Security Strategy of the United States of America*. December 2025.
- The United States Department of Defense. *National Defense Strategy of the United States of America*. January 2026.
- Congressional Research Service (CRS). *The Indo-Pacific Strategy of the United States: Issues for Congress*. Updated 2024.
- ASEAN Secretariat. *ASEAN Outlook on the Indo-Pacific*. Jakarta, June 2019.
- Ministry of Foreign Affairs of Japan. *Japan's Vision for a Free and Open Indo-Pacific*. Tokyo, 2020.
- Lowy Institute. *Asia Power Index 2024*. Sydney, 2024.
- Center for Strategic and International Studies (CSIS). *How Sustainable Is America's Indo-Pacific Strategy?* Washington, D.C., 2023.
- International Institute for Strategic Studies (IISS). *The Military Balance 2024*. London, 2024.
- Reuters, Associated Press, and UPI archives (2017–2024) — regional reporting on U.S.-China relations, ASEAN diplomacy, and Quad developments.
- Deep background interviews completed by James Borton (June 2025–October 1, 2025)

