

This is East Asia and the Pacific. Here one third of the world's population is spread out among tiny island nations, sprawling archipelagos and many of the largest wealthiest and most modern cities on the planet. But 100 years ago, this region looked vastly different and Asian countries were invariably poor.

So how did this transformation happen? Following the end of World War II, Japan's economy took off, and it became a model for growth in the region. Hong Kong, South Korea, Singapore and Taiwan evolved into high income economies in the wake of rapid industrialization, unveiling new approaches for development and modernization. Despite political, historical and cultural differences among neighbors, countries in the region were able to put aside many disagreements to transform into the most economically integrated region on the planet. And the world's attention turned to the region as its economies began to hold greater promise.

China in particular has taken advantage of increasing globalization. In just 50 years, China transformed from economic backwater to global powerhouse. Economic reforms that began in the late 1970s set China up to become a major trading partner to the world's greatest economies. In the wake of its economic development, some in the west expected China to undergo political reform. China is the only major world economy under a communist government and there was a belief that to continue growing in global importance, China would have to change to keep up. When China joined the World Trade Organization in 2001 the US and others thought economic reform and exposure to the world economy would lead to China becoming more open politically. But while increased integration into the world trade system did lead China to embrace elements of a capitalist system, the economic gains actually served to further legitimize the country's communist party and reinforce and authoritarian political system.

Today, China is the largest trading partner of about 70 countries, including many in the region such as Australia, Singapore, and South Korea. China and its neighbors have become the world's factory, and are critical to supply chains around the globe, including many US businesses. Instability here would cause major problems for the world economy.

Today, China seeks to convert its economic power into geopolitical

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influence both through strategic investments and military strength. One of China's biggest maneuvers is focused on gaining influence through international infrastructure projects. China launched the Asian Infrastructure Investment Bank in 2016, and it now has the second largest membership of any bank in the world. And China's Belt and Road Initiative is a massive infrastructure program that aims to connect Asia to Africa and Europe via land and maritime networks. The initiative seeks to dramatically increase China's global influence through access to shipping routes and ports.

However, critics claim that many of the projects encourage countries to accumulate substantial debt and are set up to benefit mostly China. Reactions to China's ambitions across East Asia and the Pacific range from welcoming to suspicious. Some countries like Cambodia and Myanmar embrace Belt and Road Infrastructure projects and close relations with China, but others are wary of China's intentions.

Assertive territorial claims by China have heightened tensions in the region. Chinese president Xi Jinping has made repeated calls and promises for the reunification of all of China's historical territory, which he asserts includes Taiwan. China also seeks control of the South China Sea, where six countries lay overlapping claims to groups of islands in the strategic waters through which more than \$3 trillion in trade passes every year. Despite international objections, China has reclaimed much of these waters as its own. It's built entirely new islands in the sea and expanded existing ones.

Across this expanse, China has built airstrips military installations and ports for its Navy. In a show of support for its Asian allies such as the Philippines, the United States has sent its own vessels to the area in order to assert that the waters are international and do not fall under any one country's territory. The United States has also affirmed that its security commitments to Japan, an ally, extend to the Senkaku Islands, or as China calls them, the Diaoyu Islands. An area, which is the subject of a Japan China dispute in the East China Sea.

Of major international concern is the threat posed by North Korea, a small and impoverished country governed by a brutal family dictatorship. Despite its meager economy, North Korea possesses nuclear weapons capable of reaching not only its Asian neighbors but also the US. An open question is

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whether diplomacy backed by sanctions will persuade North Korea to restrain or even eliminate its nuclear program. If not, the US and others must decide whether to act and how, including the risky and costly option of using military force.

All this leaves the United States in a delicate position. Amidst the worrying economic, political and territorial trends taking place, the US economy and those of its many allies is closely intertwined with China's. The challenge for the US is how to strike a balance between preserving its influence in Asia, including working closely with its regional allies, and maintaining important trade and investment ties with China.

So far, the East Asia and Pacific region has been the greatest success story of any in the 21st century. Whether it can sustain its impressive economic growth and fend off looming conflicts will have great repercussions.