



Stability at an Inflection Point: U.S. Strategy in a Changing Northeast Asia

January 2026

By Susan A. Thornton, Emily Sparkman, and Nia Williams¹

Executive Summary

A delegation from the National Committee on American Foreign Policy (NCAFP) visited Shanghai, Beijing, Taipei, Seoul, and Tokyo in December 2025 to discuss regional security issues and U.S. foreign policy in Northeast Asia. The NCAFP offers the following policy recommendations and conclusions:

Recommendations:

- Policymakers and scholars in the region believe that U.S. foreign policy will not return to the status quo ante. Still, they are unnerved by the current instability in U.S. policy and by the inability to see any stable trajectory forward. To move toward stability and enable planning, the U.S. Congress should further solidify investment and security commitments by passing bipartisan legislation or resolutions that formalize Trump-era “deals,” making them more specific, credible, and durable over time. Misunderstandings will only damage our collective future.
- Trump administration national security documents, such as the National Security Strategy (NSS) and National Defense Strategy, have raised more questions in Northeast Asia than they answered and are thus destabilizing. The fact that they were released with little to no explanation or rollout indicates to domestic and foreign audiences that they are not authoritative. This will make effective or credible implementation difficult, if not impossible. The U.S. Congress could hold hearings or require reports to clarify some of the apparent contradictions in the strategy and make clearer for the American people what the vision is for the U.S. in the world.
- The potential for an April summit between President Trump and President Xi raises opportunities to solidify an emerging bottom-line stability in relations that will allow the

¹ This report reflects the notes and observations of the authors alone and is not a consensus document.

major powers to avoid war. The U.S. and China should take advantage of the leader-to-leader level communication channel to work on issues of common interest:

- The two presidents need to better define permitted economic relations between the two largest economies in the world and set their understanding out in a durable agreement that businesses can plan against.
 - Restore military-to-military communication to avoid accidents and incidents. Establish routine communication channels, enhance theater-level communication between commands, and increase operator-level communication among staff.
 - Reiterate and make a more credible understanding regarding policy on Taiwan.
 - Enhance law enforcement cooperation on counternarcotics, scams run by crime syndicates, and migration issues.
- Japan and South Korea should continue to cooperate and strengthen relations amid tempered U.S. engagement in the region and maintain support for rules and norms in regional fora.
 - South Korea should continue efforts to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which is becoming a “pole” of global economic policy.

The Asia-Pacific Region Will Remain a U.S. Priority

2025 marked a defining year for U.S. relations with East Asia, as shifting regional dynamics heightened strategic competition with China, and renewed diplomatic engagement amid leadership transitions in Japan and the Republic of Korea took shape. Interlocutors in Shanghai, Beijing, Taipei, Seoul, and Tokyo also understand that major changes in U.S. foreign and security policy are underway. The Trump administration’s NSS, published mid-trip, reinforced already percolating concerns about the U.S. commitment to the region.

Many interlocutors perceived a spheres-of-influence tilt in the strategy, raising concerns of an emerging trajectory of like-minded democracies aligned against the “CRINK” (China-Russia-Iran-North Korea), while most anticipated a more distant and fragmented set of security and political arrangements. The NCAFP delegation assured counterparts that the Asia-Pacific region will remain a U.S. priority, as the NSS document itself makes clear. Regional contacts, including in China, indicated that they want a continued U.S. presence in the region. However, they hold differing views on what U.S. presence should entail, and they seek a greater definition of what an altered, yet sustained U.S. role would look like.

Allies See Challenges and Opportunities

U.S. allies view this moment as both a challenge and an opportunity. While most interlocutors expressed interest in partnering with the United States in an emerging foreign policy paradigm, many questioned whether Washington had articulated a coherent strategy to advance its national interests, let alone those of its allies or the broader global community. Allies seek to align

themselves with where they believe the United States is heading, but uncertainty about that direction complicates such efforts. For example, the recently published National Defense Strategy suggests a reduced U.S. security commitment on the Korean Peninsula.

Counterparts across all stops consistently called for enhanced clarity from the U.S. administration and a more predictable sense of future direction and stability. U.S. allies, while acknowledging the need to strengthen their own defense and taking steps to do so, are nonetheless watching closely and grappling with questions about their future security arrangements. While thus far largely reactive to U.S. moves, growing uncertainty is prompting quiet discussions of various “hedging” or “self-sufficiency options, including more muscular capabilities or partnerships with other countries, and even nuclear weapons acquisition.

Economics and Trade in Focus, Security Questions Loom Behind

In the economic domain, Japan, Korea, and Taiwan anticipate headwinds in carrying out their economic agendas with Washington. They pointed out that any investment projects under the various agreements are unlikely to be started, never mind completed, during Trump’s current term of office. They wondered what the next U.S. administration would do with these agreements. Japan appeared more confident in the outcome of its trade and investment deal with the Trump administration than Korea and Taiwan, and its counterparts highlighted that Japan’s investment commitment was mainly private-sector-led rather than government-financed.

U.S.-ROK relations were viewed as strong, credited in large part to President Trump’s successful state visit to South Korea in October 2025. The two leaders announced the U.S.-Korea Strategic Trade and Investment Deal, including \$350 billion of Korean investment into the U.S. While Korean officials expressed satisfaction with the trade deal, they raised concerns about tariff rates and how the Section 232 investigations may increase them. Contacts in South Korea also expected that the \$350 billion deal might raise popular ire. However, South Korean counterparts credited the ROK government with managing popular sentiment towards the U.S. well in the wake of the Georgia Hyundai plant raid and high-profile arrests of Korean workers in the U.S. In fact, the government was able to tout advances in security following Trump’s state visit. Specifically, President Lee’s nuclear-powered submarine acquisition proposal and a new agreement on nuclear fuel reprocessing were seen as major wins for South Korea and as a deepening of the U.S. security commitment to the ROK. The agreement on cooperation in shipbuilding was also viewed positively as a sector of cooperation that will benefit both countries.

Japanese interlocutors were pleased that their government had again come out of initial encounters with the Trump (2.0) administration appearing to have “the magic recipe.” Arranging Trump’s October visit to Japan amid a change in Prime Ministers was not an easy feat. In the end, the visit was smooth, and it “showed the importance of Japan to the U.S. in the region.” Nevertheless, there is increasing talk in Japan of needing to work on a Plan B, that pressure from the U.S. is no longer “gentlemanly,” and that the U.S. cannot be counted on in the long term. Such discussions are nascent, but indicative of concerns about the future.

Both Korean and Japanese interlocutors were pleasantly surprised at the uptick in their relations following the election of new leaders in each country and hoped that historical issues, likely to be

raised by the new Japanese PM in a more conservative coalition, would not derail the momentum. Japanese contacts were positive on the potential of South Korea joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). However, they expressed concerns over the U.S.-ROK agreement for South Korea to acquire nuclear-powered submarines and move towards nuclear reprocessing. Nevertheless, the recent bilateral summit meeting between President Lee and Prime Minister Takaichi in Nara City continued the trend of strengthening relations.

Prime Minister Takaichi's Diet comments on Taiwan in October and the subsequent retaliation from China were a focal point of discussion in China and Japan. Japanese officials wondered how long tensions with China would continue and if they would intensify. Chinese counterparts commented that tensions might abate by the time they host APEC in November 2026 and that the situation would neither escalate nor die down quickly. Beijing used this situation to warn others not to transgress on Taiwan-related issues.

On North Korea, South Korean interlocutors were skeptical that any progress would be made on talks, as there is little incentive for the DPRK to come to the table. They were also confident that North Korea would not engage in major provocations before the potential visit by Xi Jinping to the U.S. later in 2026.

Officials in Taiwan were the most unsettled about U.S. policy in the region, not least because they were amid trade and investment negotiations with the Trump administration. Defense procurement was also a major topic and is at an inflection point: President Lai Ching-te announced a proposal for an eight-year \$40 billion Special Defense Budget in November in response to China's growing military pressure and the need to increase Taiwan's self-defense and resiliency. The budget would include significant military procurement from the U.S., reinforcement of Taiwan's asymmetric capabilities, and bolstering the country's indigenous defense. Lai and the ruling DPP asserted that the budget would be passed in the Legislative Yuan. However, the Lai administration remains weakened by last-summer's failed recall of KMT legislators and has not found an effective way to work with the opposition-dominated legislature. Taiwan counterparts also cast doubt on the ability of the ruling party to get the legislature to approve the U.S.-Taiwan Trade and Investment Deal, which was finalized in mid-January. Taiwan's overall tariff was lowered to 15% from 20%, and Taiwan pledged \$250 billion in semiconductor investments in the U.S., along with \$250 billion in Taiwan government credit guarantees for additional U.S.-bound investment. Taiwan and South Korea appeared more wary of their ability to realize the investment deal, expressing concerns due to divided domestic politics and significant security challenges that constrain their maneuvering room and increase their reliance on U.S. protection.

Nevertheless, Taiwan officials emphasized a strong focus on defense preparedness and resilience. Officials observed a recent decline in some forms of grey-zone activity from the PRC but warned that other troubling behaviors have intensified. There is concern that Washington's emphasis on high-end "D-Day" operational scenarios could come at the expense of Taiwan's capacity to manage lower-level, persistent challenges. Taiwanese officials consistently framed PRC pressure as a regional, not an internal, problem, stressing the importance of "First Island Chain" defense and expressing strong interest in deeper security cooperation with Japan, the

Philippines, and Australia. In this regard, the NSS's emphasis on U.S. "denying aggression anywhere along the first island chain" through "military overmatch" was well-received in Taipei.

On trade and economic relations, China is looking to secure a deal with the U.S. that includes reductions in U.S. tariffs and export controls in exchange for increased Chinese investment in the United States and expanded purchase commitments. Chinese contacts expressed confidence that Beijing could host a successful summit with President Trump without making fundamental concessions, pointing to progress on fentanyl cooperation, trade and investment deals, and supporting the reestablishment of military-to-military contacts as achievable outcomes. At the same time, uncertainty about U.S. strategy and trajectory loomed large. Chinese officials wondered whether domestic turmoil in the U.S. could derail summit planning altogether. Despite optimism that U.S.-China relations could be stabilized for the near-term, the underlying sentiment on the relationship was pessimistic. Chinese counterparts warned of the risk of negative surprises that could quickly upend relations, reflecting low confidence in the durability of the current detente.

Chinese interlocutors also noted that external instability is exacerbating problems in China's domestic economy. While many scholars and officials expressed confidence in the leadership's medium-term economic strategy, near-term growth prospects are challenging. Employment pressures are mounting, small businesses are struggling, and debilitating price competition is throttling profits, contributing to a sharp decline in investment. Few expect any large-scale stimulus that would be capable of delivering rapid relief, though targeted measures are anticipated. Interlocutors in Taiwan noted China's complex economic challenges and seemed to take some solace from what they saw as resultant risk-aversion on the part of China's leaders.

Chinese interlocutors consistently underscored the importance of stability through 2026, the first year of the 15th Five-Year Plan and an important year of planning for the 2027 Party Congress, at which Xi Jinping is expected to press for a 4th term. Many assessed the current state of U.S.-China relations as better than anticipated, but fragile and unlikely to endure without sustained effort. Contacts emphasized the importance of maintaining open channels of communication, particularly regular and informal leader-level exchanges between Trump and Xi, which were seen as essential to managing tensions and preventing miscalculation.

Looking ahead to a potential Xi-Trump summit in April, Beijing seemed focused on establishing principles for the bilateral relationship going forward, and officials will not give up on Xi's three-part formula: mutual respect, peaceful coexistence, and win-win outcomes. They showed little interest in revisiting contentious policy formulations or language on Taiwan. In this context, the U.S. NSS's softened tone toward China was viewed as potentially helpful for framing more constructive discussions on economic ties and other areas of mutual interest, even as core competition and disagreements persist.

Meanwhile, official cross-Taiwan Strait communications remain effectively frozen. The Beijing-based head of the Association for Relations Across the Taiwan Straits (ARATS) reportedly proposed a meeting with its Straits Exchange Foundation (SEF) counterpart under the rubric of "two sides of the Strait, one family," which Taiwan rejected. There has been little to no progress on official exchange with both sides accusing the other of inhibiting exchanges and further underscoring the depth of mistrust between the two sides. In practice, neither side appears willing

to take a political risk to restart serious dialogue or expand people-to-people engagement, even at the unofficial level. Domestic political dynamics in Taiwan are adding to the uncertainty. Considerable attention during our discussions in Taipei centered on the new KMT Party Chair Cheng Li-wun, who has made overtures to Beijing and plans to visit the Mainland in February. Taiwanese contacts highlighted Beijing's perceived efforts to shape political opinion on the island as a growing concern, citing Cheng as an example. This sensitivity may be heightened by recent polling in Taiwan that reportedly shows modestly improved sentiment toward China, including a roughly ten-point increase in support for the "1992 Consensus." Beijing was following sentiment on the island closely and pointed to such reports as justifying its confidence in its approach, whereas Taiwan interlocutors attributed any such changes to more localized factors.

Acknowledgments

The Forum on Asia-Pacific Security would like to thank the NCAFP delegation for their time and thoughtful contributions on the trip: **Susan Elliott**, President & CEO of the NCAFP; **Susan Thornton**, Director of the Forum on Asia-Pacific Security, NCAFP; **Karl Eikenberry**, Distinguished Fellow, Stimson Center; **Raymond Burghardt**, President of the Pacific Century Institute; **Sarah Beran**, Partner at MacroAdvisory Partners; **Ryan Hass**, Director of the Brookings Institution's John L. Thornton China Center; **Robert Rapson**, Former Senior U.S. Diplomat; **Emily Sparkman**, Senior Program Manager of the Forum on Asia-Pacific Security, NCAFP, and **Nia Williams**, Program Manager of the Forum on Asia-Pacific Security, NCAFP.

Thank you to our interlocutors in Shanghai, Beijing, Taipei, Seoul, and Tokyo for generously taking time out of their busy schedules to meet with our delegation.

The NCAFP's goal is to produce actionable and specific policy recommendations with particular focus on diplomatic strategies and efforts in the following areas under the Forum on Asia-Pacific Security:

- Focusing on tools of diplomacy and statecraft to resolve international conflict and supplementing military deterrence strategies with dialogue and engagement.
- Reducing miscommunication and miscalculation across the Taiwan Strait by providing an authoritative channel of security policy communication among scholars and officials from the U.S., Taiwan, and Mainland China.
- Understanding regional thinking on great power competition between the U.S. and China and how U.S.-China rivalry affects security, investment, and development needs.
- Addressing the North Korea nuclear issue in a multilateral context, discussing differences in the desired approach and end-state of denuclearization and peace regime talks.
- Visualizing institutional reform by addressing how the U.S. and Asia-Pacific countries can work together to address 21st-century economic, social, and political security challenges through existing multilateral institutions.
- The NCAFP is recognized as playing a unique and stabilizing role in navigating these complexities and fostering constructive engagement between nations.

The NCAFP is grateful to the following organizations for their support of our work:

Carnegie Corporation of New York

Ford Foundation

Henry Luce Foundation