

# U.S.-CHINA RELATIONS: Asian Perspectives

Edited By Douglas Spelman



Woodrow Wilson  
International  
Center  
for Scholars



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*Kissinger Institute  
on China and the  
United States*

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## Preface

Many say that the United States-China relationship is the most important in the world. While others may dispute this, few if any would question the assertion that the relationship is the predominant factor in Asian power interactions. In the first instance, Beijing and Washington must pay close attention to how their dealings with each other will affect other countries of the region. That is, Beijing must calculate how its dealings with Washington will affect its links with Tokyo, New Delhi, Moscow, etc. And vice-versa. Moreover, to look at the same landscape from another angle, all Asian capitals keep a very close eye on bilateral dealings between these two giants, in particular to see how they will affect their own relations with them.

This latter set of issues was the focus of a conference in September, 2010, organized by the Kissinger Institute and co-sponsored by the Wilson Center's Asia Program and Kennan Institute. Then Deputy Secretary of State James Steinberg led off with the administration's view of how U.S. relations with China fit into its general Asian policy. Then specialists from China, Russia, Japan, Southeast Asia and India presented their views on the impact on Asia, and in particular on their countries, of developments in U.S.-China relations. Specifics of course differed, but a prominent common theme was the high importance all these countries and regions attached to the regional impact of U.S.-China relations. We trust you will find the papers resulting from this event collected here as insightful and as significant as we have.

Michael Dalesio and Sandy Pho of the Kissinger Institute provided essential assistance for the conference, Michael adroitly handling all the logistics and Sandy playing a key role—drafting the summary and helping to edit the papers—for this publication.

J. Stapleton Roy, Director, Kissinger Institute  
Robert Hathaway, Director, Asia Program  
Blair Ruble, Director, Kennan Institute

## Summary

In the keynote address, former U.S. Deputy Secretary of State James Steinberg presented the view from Washington. In pursuing a strategy of deeper engagement with China, the Obama administration is also attempting to incorporate the relationship within the larger context of regional cooperation. According to Secretary Steinberg, this yields two benefits. First, it helps mitigate smaller countries' anxiety of being sidelined; this in turn, "deepens mutual engagement with the region." Second, it is easier for the United States and China to find common ground when working in the context of multilateral institutions. The Secretary went on to highlight the many strengths of the U.S.-China relationship, which are beneficial only if pursued mindful of the important consequences of that relationship for all neighboring countries.

Professor Yuan Ming from Peking University provided the Chinese perspective. Compared to their American counterparts, the Chinese feel more insecure and more defensive in the relationship. Yet in spite of this complexity, the relationship is stable. Although the relationship has progressed over the past two decades, opportunities exist for deeper engagement at the ground level (people-to-people). With respect to the relationship's impact on the region, discussant Douglas Paal observed a trend towards a balance-of-power pattern in Asia. This is due to a combination of America's reengagement with the region, as well as China's newfound self confidence and economic success. This has the major regional players looking for a scenario in which U.S.-China relations do not become too hot or too cold.

The complex history and relationship Japan has with both the United States and China makes it particularly sensitive to fluctuations in Sino-U.S. relations. According to Professor Seiichiro Takagi of Aoyama Gakuin University in Tokyo, America's relationship with China has influenced Japan's foreign policymaking throughout the entire post-war period, described as an "alliance dilemma." There is a fear that closer ties between the United States and China come at the expense of Japan. On the other hand, as Japan's only formal ally, there is also a fear of being entangled

in any future U.S.-China confrontation. According to discussant Gilbert Rozman, Japan's fluctuating responses to changes in Sino-U.S. relations suggest a considerable degree of uncertainty in Japanese strategic thinking; how Japan continues to react to this relationship in the future should be followed closely.

Similar to the Japanese, the Russian perspective of U.S.-China relations is colored by its complex relationship with each power. According to Fyodor Lukyanov, editor of *Russia in Global Affairs*, the importance of the U.S.-China relationship lies in the fact that both countries "lay out the whole framework for Russian behavior." Traditionally, modernization in Russia has been linked to the West, (i.e., the United States and Europe), but a shift in international focus towards Asia is taking place in the Kremlin today. China's growing economic influence in Russia's so-called "eastern front," (the Asian part of Russia), raises an alarm in the Kremlin. It is for this reason Moscow has both diversified its relations in the region, and welcomes America's presence in Asia. Although the recent "reset" in Russia-U.S. relations was a success, a new agenda factoring in China must be launched in order to maintain this momentum.

Singapore Institute of International Affairs Chairman Simon Tay presented the view from Southeast Asia. With respect to the United States, the Association of Southeast Asian Nations (ASEAN) states are not only comfortable with, but desire an American presence in the region. There is a perception among ASEAN states however, that U.S. power and influence is on the decline globally. Accordingly, there is a concern that domestic ("nativist") politics will distract the United States from pursuing a constructive engagement policy with the region. This concern results in some ASEAN thinking "they (the United States) are not interested, "so we'll just go at it alone." With respect to China, Southeast Asians do not see China's engagement as an attempt to dominate the region. As a group, ASEAN states look to Washington for strategic leadership, but are economically bound to Beijing. The last thing Southeast Asian states want is to be placed in a situation where they have to choose between the two.

The Indian perspective was presented by Professor Brahma Chellaney of the Center for Policy Research in New Delhi. According to Professor

Chellaney, the U.S.-China relationship cannot be understood without “looking at the larger Asian landscape,” which faces many challenges. Fervent ultra-nationalism is spreading throughout the region. This is fed by harmful historical legacies that result in negative stereotyping of rival nations, while at the same time inflaming territorial and maritime disputes. Although Asian states have become more economically interdependent, the region remains politically divided. This prevents them from being able to fashion any sort of security community. U.S. policy towards China, its security assurances to its partners, as well as how Asian states deal with the above challenges will shape the region’s future security outlook.



# The Administration's Perspective on U.S.-China Relations in Asia

**James B. Steinberg**

*(Transcript)*

I am back to talk about Asia. I'm always happy to do so, because it is enormously important to our future and to the future of our partners, not only in Asia but around the world.

I applaud you for this discussion today because I think one of the things that is very clear is that it is important to understand our relationship with China in the context of developments in Asia as a whole. The range of countries you have represented here and the scope of the geography, I think, is particularly important because—as I will touch on in a minute—with the impending expansion of the East Asia Summit, I think we're beginning to have a sense of the kind of political geography of Asia, which is nicely represented among a number of the voices that you will hear today.

It's also important to have such a conference because it is impossible to understand the trajectory and the objectives of our bilateral relationship with China without understanding the regional context. Because, as we've made clear in a number of contexts, including most recently in Secretary Clinton's speech at the Council on Foreign Relations two weeks ago and my own talk to the IISS two days after that—we see this as part of a broader strategy of engagement by the United States as we try to deal with what we see as the fundamental strategic challenge of our time: which is how to generate enhanced global cooperation to deal with the increasingly common sets of challenges that we face where most of the countries of the world share common interests. But we still lack the capacity to generate the kind of common and collective action that we need to address these problems—whether it is the global economic crisis, whether it's terrorism, proliferation, pandemic disease or climate change. These are all issues where many of the interests are in common but we need to find better ways to work together.

As Secretary Clinton laid out we have a three-part strategy to build that strengthened international cooperation.

The first part is to build on and strengthen and adapt our traditional alliances, which remain essential to our overall strategy—the starting point of our strategy. No where is that clearer than in East Asia where we have long-standing treaty partnerships with five countries in the region and they continue to remain as important today as they did during the Cold War, even though they have a very different tenor and a very different set of objectives. As the Secretary and I have both pointed out we've been working very hard with Japan, with South Korea, with Australia, Thailand, and the Philippines to sustain those relationships: with Japan, our commitment to our alliance remains strong and we are looking forward to working with Prime Minister Kan—the president will be meeting with him in New York; our remarkable, I think, strengthening of our ties with South Korea, under the extraordinary leadership from President Lee Myung-bak; and our continued good relations with our partners in Australia who are back to work with their new government; we look forward to working with them, as well as with the Philippines and Thailand—very critical ASEAN partners for us.

At the same time, as the Secretary pointed out, although this is the starting point, we recognize that with the emergence of new powers in Asia and around the world we need to make sure that they are an important part of that; they represent a significant enhancement of the capacity of the international community to meet the kinds of challenges that we're talking about. We don't see their rise as a zero-sum game that necessarily diminishes U.S. interests or inevitably leads to a rivalry or competition. Though we recognize that there are risks in that direction—and that's why we have to work very hard not just with China and India and Russia, but also some of the other critical emerging powers like Indonesia—a critically important power and an increasingly close friend of the United States in East Asia.

That's why we focused very much during this administration on strengthening dialogue between these partners. We recognize that in order to get the positive-sum benefits and enhance the prospects of a good result over time we need to deepen dialogue. We all know here about the Strategic and Economic dialogue that was launched last year, chaired by Secretaries Clinton and Geithner on our side, and Dai Bingguo and Wang Qishan on the Chinese side.

But it's also important to stress the enhanced strategic dialogue that we now have with India, which has taken place in two rounds, and which will very much be on display when the president visits India in a few months time. As well as our enhanced strategic dialogue with Indonesia—we had a meeting just last week with the Secretary here in Washington and her counterparts to show the breadth of that relationship and the increasing importance that we attach to that “comprehensive partnership,” as we call it.

But even there, with the first two pillars—that is, the bilateral relationships with our allies and the increased bilateral ties with the emerging powers—there is still a third component, which is that we recognize to really have these bilateral relationships achieve all that is possible and to maximize their chance of leading to successful results, we need to embed these relationships in broader regional and global cooperation.

A major focus of our efforts since coming into office has been to strengthen our regional engagement particularly in Asia, although we are also working very hard in other regions as well. You can see this through the decision of the president to host the first U.S.-ASEAN Summit at the leaders' level; by our participation in critical regional fora, like the ASEAN Regional Forum; by Secretary Gates' upcoming participation in the Defense Ministers' Meeting in Hanoi; and by the Secretary's participation in the East Asia Summit this year with our anticipation that the president will join next year at the leaders' level.

These all represent efforts to try to find ways to develop more effective regional cooperation to deal with these challenges. But I think equally important, it allows us to embed critical bilateral relationships into a broader context that has two critical benefits.

First, it relieves the misplaced but sometimes expressed anxiety that somehow there will be a condominium of the larger powers at the expense of others. The so-called G2-type argument, which I think neither we nor China have ever given much credit to as an idea but has caused some discussion among circles in town and elsewhere. But the more we embed our relationships in these, the more confidence we give to others that our enhanced relationships with key powers like India and China or Russia will not come at the expense of smaller powers.

But equally important, it makes clear that as we strengthen our ties, it is done in a way that incorporates the perspectives of the others, which you are going to be exploring today. And that is very important because we need to make sure that in order to move forward that these are not seen as competitions between powers for the friendship or support of other countries in the region, but rather things we do together.

And that's why we attach great importance and appreciation to the fact that when the Secretary announced our participation and our engagement in the East Asia Summit, it was welcomed not only by our ASEAN partners and our traditional allies, but also by China. And I think that represents a strong recognition by both of us that it's in neither of our sides' interest to get into a bidding war—or the re-creation of dividing lines in Asia as we move forward to try to manage our relationship.

In my view therefore, not only do these regional relationships enhance the interests of the smaller countries but in the end, they will reduce the risk of competition and rivalry between the larger powers. That's why the perspective that you're bringing today is so important and it's in that context that I will say a word or two more about the evolution of our relationship with China.

I think it's been very clear since the outset, the importance that President Obama, and I believe President Hu, place on our bilateral relationship. They got off to a fast start with a phone call, just a week or two after the beginning of this administration, and have met frequently. Since then, beginning with the first meeting at the G20 Summit in London, they met not only in direct bilateral meetings but as part of a number of international, and increasingly common it seems, regional and international meetings. That's allowed us to have a sustained level of engagement, complemented by relatively frequent phone calls, exchange of letters, and the like.

That's really critical to providing the context for which the rest of us work to build a constructive and positive relationship with China. And that, of course, at the next levels down include the two Strategic and Economic Dialogues that have taken place since we launched that last year. As well as, very frequent meetings on lower levels, including the recent visit by Vice

Foreign Minister Cui to Washington for a very open and broad ranging dialogue. And that of course was followed up by the enormously successful and important visit of Deputy National Security Adviser Donilon and National Economic Advisor Summers to China the following week.

This, I think, reflects the fact that we recognize the opportunities to work together on the big issues of our time to advance the relationship. And see that we also recognize that through this dialogue and engagement we have the kinds of ongoing opportunities to manage potential areas that could be problematic and make sure that they don't get out of control.

As is typically the case, I am not going to say too much on the economic issues here today. But simply note that as our trade and investment relationship has deepened. We not only have a stronger relationship with each other but it actually deepens our mutual engagement with the region. As we know, the increasingly internationalized and regionalized nature of the supply-chain means that we are doing things in a regional context. Many of the things we import from China originally have their sourcing throughout the rest of the region, particularly Southeast Asia—Malaysia, Vietnam, and the like. And similarly, the natural resources that have fueled China's economic growth and contribute to its export economy, often come from partners in the region as well.

So building a relationship is important not only to our own economies, but to all the economies of the region and we recognize that sound economic policies by both us and China are important to the economic health and growth of our partners in the region. So we need to pay attention to this not only for our own sake—to make sure that we take the necessary steps—but also to focus on China to ensure it too takes steps needed to rebalance its growth towards domestic demand, and to advance and implement a more flexible and market-determined exchange rate. It acknowledges it needs to do and we share that view. Doing so will benefit all and will help sustain the global recovery that we are all looking forward to.

I also want to just briefly highlight the importance of our continued engagement on the energy side. This is an increasingly important issue not only because it's critical to our mutual economic growth and the economic interest of the region as a whole, but it's also an opportunity for us both to

look for ways to cooperate on our common interests in making sure that we have robust, reliable, and secure sources of affordable energy. And to avoid the potential for competition that might come from mercantilist policies involved with China's increasing need for foreign sources of energy.

That's one of the reasons we've appreciated the opportunity and intend to continue our efforts to enhance our dialogue with China on these issues, both bilaterally and multilaterally. We recognize that China has a legitimate role to play as part of the foreign and global investment environment, but at the same time it needs to be done in a way that fosters a strong market-based approaches, rather than "rivalist" approaches. And also, this environment must be built in a manner that is consistent with our common climate objectives as well. We must work with China to phase out inefficient fossil-fueled subsidies and reliance on carbon-intensive sources of energy. And so as we have this dialogue, we want to see China as a partner as a consuming nation but I think it's critical that Chinese investments abroad, in particular, are based on principles of openness and transparency in line with best practices.

As I said, climate is an important part of our common challenge. We both, like every other country, share in the common risks associated with increased CO<sub>2</sub> emissions and the concentration of CO<sub>2</sub> in our atmosphere. While I won't pretend that it hasn't been without its ups and downs, I do think that in the end, the United States and China found some common ground as we moved towards the adoption of the Copenhagen Protocol. In our pragmatic attempt to move forward on the agenda it was recognized that to have an effective regime we need important national commitments. That in the end, as nation states, we are going to have to build these strategies based on national policies, but also recognition that we have some responsibility to each other on this shared planet to deal with the collective challenge of reducing carbon emissions.

And so we want to build on the Copenhagen Protocol and particularly on the elements of openness, transparency and accountability that are critical to the success of the overall Copenhagen approach, which we both share. We share special responsibilities, which we take seriously, as the principal and largest emitters in the world. We will continue to work with China to

make sure that they are a strong partner in dealing with this issue.

As I noted above, we have had a good track record of beginning to build an even stronger relationship of cooperation in all these areas, including, as I mentioned to begin with, on dealing with the global economic crisis. But there are also risks as we go forward and no area is more potentially fraught with danger to a constructive, stable relationship, not only for us but for everyone in the region, than the evolution of the Chinese military.

From the outset this administration has made clear that we understand that with China's growing economic growth, that there will be a modernization of its military. That's understandable and natural that as a country has more capabilities and resources to devote to its own defense and security, and every country is entitled to do that. There are ways in which China's military modernization can contribute to an enhanced regional and global security and there are ways that can pose some risk to that. It is critical in order to make sure that we have the positive consequences—like China's ability to contribute to the anti-piracy missions in the Gulf of Aden and contribute to humanitarian relief and the like, all of which requires a more capable Chinese navy—that those efforts don't lead to competition, rivalry, and tensions in the region.

While we can't be certain that we will agree in every respect, one thing we're confident of is that if we don't talk to each other, that the risk of miscalculation or misunderstanding will be very high. And so we place enormous importance on military-to-military dialogue, and a broader security dialogue. We are encouraged, after a period of apparent interruption, that we seemed poised to move back in a more constructive direction to begin reengagement on that front. I want to stress, as I have so many times before, we don't view the military-to-military dialogue on the part of China somehow a favor to the United States. It's a favor to everyone because it's in everyone's interest that these things take place. And I think, again, dialogue doesn't guarantee agreement, but it's pretty certain we have a much better chance of finding common ground, and finding ways of surmounting our disagreements, if we're engaged in discussion.

On the security front, we obviously have a couple of issues that are very

front-and-center in our relationship and they are very much related to our broader interests in global non-proliferation. This is something that is an inherently united interest of China and the United States. We both have an interest in making sure that weapons of mass destruction don't spread, either to countries which might not handle them responsibly, or to even more dangerous non-state actors who could use them in ways that would threaten the security of both of us. And so that core premise for our cooperation is very strong, but we also have to turn that basic strategic objective into common working efforts.

And I think over the past two years we've demonstrated—though it takes time to work out the details—that in both dealing with the Korean nuclear challenge and with Iran, that U.S.-China cooperation embedded in these broader multilateral efforts really has produced important results. And that's why I stressed in the beginning the importance of these multilateral frameworks, because I think it's much easier for the United States and China to find common ground when we're working in the context of the six-parties, or whether we're working in the context of the Security Council. It gives a greater sense that we're not just doing this for narrow national interests, but also for the broader global interests and stability and the prevention of proliferation. And I think you all know the details of our cooperation both with respect to North Korea and vis-à-vis Iran.

Our common work on Iran is enormously important. I think the decision to move forward on resolution 1929 is a very clear demonstration on the part of the entire international community that Iran faces an unequivocal choice and we believe that not only because of the direct impact of the sanctions but the strong signal they send, that we may be in a better position to move forward on the diplomatic track. Again, there are no guarantees of success, but our cooperation with China, as well as, with the other members of the P5 and the Security Council, was critical in achieving this result.

Similarly on the Korean Peninsula, we have a shared interest, both in making sure that we reverse North Korea's nuclear and missile programs and also that we sustain peace and stability on the Korean Peninsula. Our strong message to not only China but all of our friends in the region has been that ultimately, we cannot have peace and stability on the Korean



Peninsula if we don't address Korea's nuclear program and we don't see the implementation of the 2005 Joint Declaration. It's not a trade-off, you don't get peace and stability by ignoring the nuclear program, quite the opposite.

I think we've seen, as we've had to deal with the consequences of the North Korean attack on the South Korean Cheonan, that without addressing this very clearly, and the need to address the provocative actions of North Korea, that there are risks to the Peninsula. And that's why we've made very clear to our friends in China that our efforts to strengthen our ties with South Korea are critical if we don't have a stronger and more effective response to reduce the dangers that North Korea poses. I think the strong actions we've taken in partnership with South Korea and Japan send a clear signal that we will do what we need to do to ensure our own security and that of our partners, but we're also deeply engaged with China and Russia to sustain the effort to keep a diplomatic track open. And we had very productive discussions with the Chinese representative to the six-party talks, Wu Dawei, just a few days ago and we look forward to continuing to find common ground to move forward on that.

So I think what we have seen, across the board, is that whether it's in the economic sphere, whether it's in energy and climate, whether it's on political and security issues, or broader issues of human welfare, that there's a tremendous opportunity for us to build a U.S.-China relationship, but the great strengths of that relationship will come if we do it in the context and mindful of the important consequences of that relationship for all of our neighbors in Northeast and Southeast Asia and the increasingly important role of India is a part of that.

The more we work together, the more we build bilateral ties in the context of this regional and global cooperation, the more we really will have a success for all the countries in the region, which I think is quite achievable. There are tremendous strengths in this region, economic strengths, political strengths, strengths of culture and tradition that we can build on and these frameworks allow us to do this in a way that take advantage of the potentials there as well as manage the difficulties of this important and challenging transition that's taking place in East Asia.



# REFLECTIONS ON U.S.-CHINA RELATIONS

**Yuan Ming**

Though it is too early to say that the most recent global financial crisis is over, there are reasons to hold a cautiously optimistic view. Instead of criticizing one another, the world's major players, states and international institutions have been working together. Leaders fully understand the seriousness of the crisis, which brought to light the dark sides of on-going globalization; there is also recognition that only by working together can the crisis be overcome. This consensus in the world outlooks of leaders facing the crisis is both a necessary and positive development because they are, at the same time, dealing with their own respective domestic and internal agendas. In these times, no leader has an easy job.

China today is undergoing the most profound changes in its thousands of years of history. These changes are best illustrated by a spring 1999 visit to China, which my husband and I joined, by an American bi-partisan congressional group organized by the Aspen Institute. It was an interesting journey because most of the discussions were held on the Yangzi River. We visited the Three Gorges, which was then a huge construction site. Everybody was stunned by the scene at the site—thousands of people with modern machines and equipment, all of which were imported from the United States, Europe, and Japan. Few on the tour realized that background blue prints of the Three Gorges project had been lying quietly in the mountains of the Truman Library archives in Independence, Missouri since the 1930s, which were left over from a project carried out by leading American engineers of the time. Today, now that we can put these pieces together, we have more space to reflect on the long sweep of U.S.-China relations.

The eagerness for change is one of the fundamental forces which keeps Chinese society moving forward. That is why the word “reform” has become

so popular among the people. On the other hand, reform cannot proceed without a mentality of openness. A very traditional society, the Chinese are now embracing foreign things at an amazing pace. For example, I recently visited an island not far from Korean territorial waters in the Huanghai (Yellow Sea). As it was my birthday at the time, local friends organized a party for me. To my surprise, they sang the traditional American “Happy Birthday to You” song while presenting me with a birthday cake from a local bakery. Of course a traditional Chinese bowl of noodles was also served, but the excitement felt by my friends over the fact that they could practice both traditions was apparent. Could this have happened 30 years ago?

Openness carries with it the courage to respect and learn from outside. A senior Chinese intellectual leader once pointed out: “Fundamentally speaking, China’s open-door policy is designed mainly to open to the West, especially open to the United States.” At the beginning of this opening not many people, the leadership included, knew much about the complexities of American political life, e.g., its domestic politics, the role of interest groups and lobbyists, etc. However, as later developments have shown, this lack of learning stimulated the booming of American studies in China—almost a hundred flowers in bloom.

The American factor has thus become a crucial element in China’s foreign relations; it receives keen attention from both leaders and the people. In December 1978, when Deng Xiaoping discussed with his colleagues the “overall situation,” they were thinking about the direction of reform and the international environment. A message was introduced during the discussion, asserting that most countries around the world welcomed a powerful China. What was most interesting was that this message came from the Americans.

The calculation of the “overall situation,” in the context of the Chinese political scene, stands center-most in the minds of leaders when they make big decisions such as those regarding the reform and open-door policies. In Chinese, “overall” means “*daju*” (大局), or “*quanju*” (全局). For the last 30 years, there have been many serious Chinese writings on its foreign relations, especially its bilateral relationships. Only the Sino-American relationship is mentioned as one which is important in this “overall” sense “*zhongmeiguanxidaju*” (中美关系大局).

When Chinese use this weighty word to express the primacy of U.S.-China relations, its implications are complex. In the early 1990s, I ran into a senior Chinese diplomat friend in the United Nations building in New York City. Upon hearing that I had been doing research on Sino-American relations, he said to me, “Remember, the United States is our biggest partner and also our biggest trouble maker.” This message reflected some consensus among the Chinese political and intellectual elites. Historically, the United States has always been linked closely with the pains and hopes of the Chinese people. Compared to Americans however, the Chinese feel more insecure and defensive in the relationship.

This complexity marks a special feature of U.S.-China relations. It is certainly different from the bilateral relationships based on formal alliances which the United States shaped in Asia after World War II; it is also different from the U.S.-U.S.S.R relationship of the Cold War period. Over the years, political and intellectual elites have been working hard on defining this special relationship but so far no mutually satisfactory new vocabulary has been developed. Maybe it is because of cultural differences, or perhaps the pool of existing international relations’ terminology—which mainly originated from the Western political tradition—has reached a limitation in its attempt to describe a more diversified world. In any case, this will remain a challenge for both parties. I tend to think that this kind of complexity helps to shore up the relationship because there are so many forces within the overall structure, with each harboring its own strengths and keeping any of the extreme forces out.

Stability is another feature of the U.S.-China relationship since its normalization. There have been ups and downs but both sides have maintained the central direction of working together. I believe each side understands the bottom line of the other. For the Americans, a failing and chaotic China would bring unimaginable consequences to not only the region, but the rest of the global community as well. During the 1990s, a typical phrase coming from Washington was, “Give time and space to China and the changes would come.” It sounds quite patronizing and is also typically American. For the Chinese, especially its leaders, working for a stable U.S.-China relationship stands as the key component in creating a

benign international environment. China has no intention, and no capability to force the United States out of the region. However the status quo can not be maintained if the American military shows up at China's door again and again. The 2001 E-P3 incident has already taught us this lesson.

The third feature of the relationship is that the space for creative work in improving bilateral relations remains large. The past two decades have witnessed the success of establishing high-level dialogue between governments and Congresses, which ultimately has helped to keep ties in the right framework. At the same time however, we should not lose sight of the newly emerging avenues for deepening the relationship, especially at the people-to-people level. At the beginning of the reform period, Deng Xiaoping encouraged young Chinese students to study in the United States; this "go abroad and learn" idea turned out to be a very successful story. I am impressed to see the latest editorial of the U.S.-based *Science* magazine written by two returning Chinese students who studied in America. Both are well established scholars in their field of life sciences, and both have been playing active roles at their institutions as deans of their respective schools at Tsinghua and Peking Universities. In the editorial, which focused on China's research culture, they strongly criticized the bureaucratic ways of the current funding system. This piece received popular support from their colleagues, and it has also caught the attention of national leaders. It is an encouraging story. If we can maintain the foundation of cooperation and expand the fields of joint efforts, the relationship will stay on the right track.

A stable U.S.-China relationship can not be shaped without the cooperation of other regional players. While Asia does not have a Westphalian-type international system like Europe, Asian countries have their own rich experience of living and working together. In 2006, two of America's leading East Asian experts, Morton Abramowitz and Stephen Bosworth, published a book titled "Chasing the Sun," which I found highly insightful. They believe "East Asian countries and peoples have common characteristics, mostly the legacy of China's cultural influence and Western imperialism."

On the whole, Asians are smart people and they are good at assessing situations in which they find themselves. Modern history shows that Asians

were forced to be in the weaker position when Western powers arrived with guns and boats. Consequently being the “weaker” party resulted in Asians having to be more aware, smarter, and more flexible. Compared with Western individualism, Asians put more emphasis on units, groups, and teams while both hold strong values for the family. Asians also believe in pragmatism, in doing what works. As the proverb goes, “Black or white cat, catching mice is a good cat’s primary role.” Asians believe this.

What is the primary goal for Asian countries? All Asian countries, both big and small, are working hard to come out as winners in the globalization game, or at the very least not being losers. As the 1997 Asian financial crisis has illustrated however, the playing field is uneven. I happened to be in the office of a leading figure of Citibank in downtown Manhattan when the crisis occurred. I felt it was the end of the world as the phone was perpetually ringing while the most urgent notes were being passed furiously through the office. Two months later, in the snow-covered mountains in Davos, people were much relieved when they heard China, in order to stabilize the world financial situation, would not devalue its currency—and this Beijing believed to be in China’s own interests. In retrospect, the 1997 Asian financial crisis was a prelude to the one we face today, which is much larger in scale as well as deeper in depth. It reminds us that all players must be involved in attempting to answer why the crisis occurred and what solutions are possible. Given my personal experiences of the last two decades, I do believe, as a leading force in the world economy since the end of WWII and as the global community’s principal navigator, the United States must undergo serious reflection to traverse the deep waters surrounding all of us.

Finally I would like to raise some suggestions for the future of U.S.-China relations. First, the direct channel for timely communication between top leaders must be kept open and efficient. The 2010 visits to China of Mr. Larry Summers and Mr. Tom Donilon was well-received in China. Furthermore, the Strategic and Economic Dialogue needs to be deepened and broadened.

Secondly, there should be ways and channels to promote and improve military-to-military dialogue between the two nations. The special issue of

arms sales to Taiwan remains a difficult and long-standing knot. If the United States fails to take steps to loosen it, there will be no way to resolve the issue, and it will continue to invite sharp criticism from the Chinese people, especially the younger generation. Allowing this issue to fester will unnecessarily bog down military-to-military dialogue, as the agenda is already quite full.

Thirdly, both sides could do more to promote “track two” dialogues which could provide technical and intellectual support to official meetings. Themes like the Nuclear Threat Initiative, clean energy, water safety, and internet security could easily bring talented minds from both sides together, thus deepening ties.

Last but not least, efforts should be made to promote educational and cultural exchanges. Enhanced mutual understanding at all levels is crucial.

I would like to conclude with what Matthew Arnold put in his famous poem “Dover Beach:”

*And we are here as on a darkling plain  
Swept with confused alarms of struggle and flight,  
Where ignorant armies clash by night.*

Having learned from earlier days and living in modern times, perhaps we can be wiser than the “ignorant armies” of the past and build a more constructive future for U.S.-China relations.



# IMPACT OF U.S.-CHINA RELATIONS IN ASIA: A JAPANESE PERSPECTIVE

**Seiichiro Takagi**

After the Second World War the United States became Japan's only formal ally, with which Japan has formed a close security relationship as well as wide-ranging economic and social ties based on shared democratic values. China is a huge neighbor, with which Japan has millennia-old cultural ties, has experienced a complex and difficult modern history, and more recently has formed ever-deepening economic interdependence and growing social ties. Therefore, it is only natural that the state of the U.S.-China relationship has always been a matter of serious concern for post-war Japan.

During the Cold War era U.S.-China relations were rather straightforward and functioned as the fundamental determinant of Japan's relationship with China. In the earlier half of the era the adversarial relationship between "U.S. imperialism" and the "communist" ally of the Soviet Union functioned as a severe limitation to Japan's attempt at improving relations with China. This was especially the case in 1958 when the accumulated private economic and cultural exchanges could have led to a semi-official relationship and in 1963 when the Japanese government tried to provide an Export-Import Bank credit for a production plant export. The U.S.-China relationship constituted the key pillar of the Cold War structure in East Asia; where the United States, Japan, South Korea, South Vietnam, and the Philippines formed one camp, with China, North Korea, North Vietnam, the Soviet Union, and Eastern Europe forming the opposing camp. But this structure was not so much because of the impact of the U.S.-China relationship, and most countries sought friendly relations with both. In the early 1970s the United States and China formed a "quasi-alliance" to cope with Soviet "hegemonism," which fundamentally removed the obstacle to Japan's attempt to improve ties with China. Only half a year after Nixon's visit to Beijing in February 1972 Japan and China "normalized" their state-

to-state relations. The U.S.-China rapprochement, which was followed by the establishment of diplomatic relations in 1979, had a tremendous impact on the international relations of the Asia-Pacific region. It transformed the Cold War structure in the region into one in which the United States, Japan, China, and Pakistan stood on one side, with the Soviet Union, Vietnam and India on the other.

The U.S.-China relationship was fundamentally transformed in 1989 as that year witnessed both the Tiananmen Incident in June and the declaration by the United States and Soviet Union of the end of the Cold War in December. The U.S.-China relationship was no longer as simple as being either adversaries or quasi-allies, but a complex one in which factors of cooperation and conflict coexisted with neither factor achieving dominance over the other. Viewed from the U.S. side, the Tiananmen Incident established human rights as a long-standing issue in America's interactions with China. The end of the Cold War made the proverbial "China card" unnecessary. However, this did not mean that China was no longer an important actor on security issues. China is a nuclear power with permanent membership on the UN Security Council, which makes its cooperation critical to many issues the United States considered bringing to the Council. This point was brought home as the Cold War structure was disintegrating with the August 1990 Iraqi invasion into Kuwait and the following deliberations on it at the UN Security Council. China emerged from its post-Tiananmen marginalization by the West and the collapse of the Cold War system with reinvigorated economic growth; as early as 1993 the United States could no longer afford to ignore the status of China as the destination of its export and direct investments abroad, as well as a supplier of low-cost consumer goods. However important China was for these reasons, it was also problematic for the United States on many other fronts. On security issues, not only was China held responsible in the early 1990s for the development of Pakistan's nuclear weapons and missile programs, but its cooperation with the United States over the first North Korean nuclear crisis of 1993-94 was lukewarm at best. China's growing influence in the economic field made issues such as the inadequate protection of intellectual property rights, its undervalued currency, and production of unsafe goods matters of serious

concern for the United States. Furthermore China's practice in the field of human rights protection and promotion of democracy was, to say the least, highly problematic as well.

From the Chinese point of view, cooperation with the United States is critical for several reasons. First of all, since the United States became the world's sole superpower any type of head-on confrontation with it cannot be in China's national interest. It could seriously disrupt the peaceful international environment which China needs for its pursuit of continued economic growth. A positive relationship with the United States is critical for China's economic growth because not only is the United States a major market for Chinese manufactured goods, it is also a source of foreign direct investment and advanced technology, as well as a training site for human resources and general management skills. Although rarely admitted openly, China does acknowledge the benefits of America's military presence in Asia, as it sees the U.S. presence contributing to stability in the region. The Taiwan issue, which is usually considered to be the source of U.S.-China conflict, does have an aspect which motivates China to be cooperative with the United States. As was the case in the earlier half of the Cold War era, a serious U.S.-China conflict would enhance the strategic value of the island for the United States, which makes its reunification with the mainland almost impossible.

However, many aspects of the United States are not acceptable to China as well. First, China believes the United States and its Western allies maintain the Cold War mentality of considering their values superior to other value systems as well as hoping to impose them on the others, which the Chinese considered a form of "hegemonism." The United States was also considered to be extremely self-centered and liable to double standards. For example, in spite of staunchly advocating for free trade, it does not hesitate to practice protectionism when faced with a rapid increase in imports, including from China. American sanctions imposed in protest against the Tiananmen Incident and unending accusations against China's human rights practices were considered to be the manifestation of a U.S. "containment" policy directed at China after its successful application to the Soviet Union. A corollary to this line of thinking is Chinese concern over the U.S. policy of

“peaceful evolution;” it is believed by some in China that the United States is plotting to transform the Chinese political system into a democracy through peaceful means. The U.S. commitment to Taiwan’s security after the establishment of diplomatic relations with China, as codified in the Taiwan Relations Act, and continued sales of defensive weapons to Taiwan were regarded as creating serious obstacles to China’s unfinished pursuit of national reunification.

The complexity of U.S.-China relations stems from the co-existence of factors for cooperation and conflict from both sides with no evident pattern of dominance of either (i.e., cooperation or conflict) in the relationship. This is further complicated by the fact that in both countries, policies toward the other usually become issues of contention in domestic politics. For example, in the early 1990s there was a fierce debate in the United States over the renewal of most-favored nation treatment of China. It is harder to identify an example in China because of its closed political system, but it is known that China’s negotiations with the United States in 1999 over its accession into the World Trade Organization, (which involved substantial concessions on the part of China), underwent political scrutiny within the leadership.

The basic structure of the post-Cold War U.S.-China relationship was formed in the early 1990s when developments in each country both reinforced and added new elements to the relationship. However, the fundamental structure in which elements of conflict and cooperation co-exist with neither explicitly dominating the other did not change. The most important of such developments was China’s unabated high economic growth which had been touched off with Deng Xiaoping’s speeches during his southern tour in early 1992; the implications of which had two aspects. On the one hand it turned China’s potential growing market into a reality and thus enhanced its importance to the U.S. economy. On the other hand, China’s economic expansion was more visible in the growth of its exports to the United States, which resulted in a huge current account deficit on the U.S. side and brought to the fore the issue of undervalued Chinese currency. Moreover, China’s unabated economic growth accompanied its continued high-level investment in military development, which came to make China’s

military capability a matter of real concern for the U.S. security calculus. The economic interdependence between the two countries deepened due to the continued growth of China's economy that even came to include the U.S. dependence on China's expanding purchase of its Treasury bonds. China's growth which was achieved by largely ignoring the cost of environmental degradation made the United States and China the largest and second-largest emitters of CO<sub>2</sub>, which added a new dimension to U.S.-China relations. The global financial crisis touched off by the bankruptcy of a major U.S. investment bank, Lehman Brothers, and China's quick recovery from it raised China's position in its economic power balance with the United States.

The emergence of these new dynamics in U.S.-China relations influenced international relations in East Asia in various ways but the influence can not be characterized as a serious impact. The post-Tiananmen sanctions of China by the United States and Western Europe did not lead to similar immediate actions by Japan, which was concerned with the danger of isolating China internationally. Japan's attempt to distance itself from the United States and Western Europe did not last because of the fear of its own isolation at the upcoming Paris G7 summit in July 1989, and by the end of June it adopted such measures as suspension of its Official Development Aid (ODA) and of high-level governmental contacts. However, Japan tried to insert its concern with isolating China in the Declaration on China adopted in the summit with some success and took the lead in lifting the sanctions with tacit understanding of the G.H.W. Bush administration. China tried to break out of isolation from the United States and Western Europe by focusing its efforts on relations with East Asia. In 1990 China managed to re-establish its diplomatic relationship with Indonesia, which had been broken since 1965, and established diplomatic relations with Singapore, which had adhered to the policy of being the last ASEAN member to do so. In the following year China became the dialogue partner of ASEAN. In 1992 China established diplomatic relations with South Korea. In the same year China's attempt to influence U.S. policy toward China led to the realization of the Japanese Emperor's visit to China to commemorate the 20th anniversary of the "normalization" of state-to-state relations.

The unfolding of the complex relationship between the United States and China since then did not have much impact on Asia until recently. The emergence of the China threat theory in the United States in the mid-1990s coincided with the emergence of similar arguments in Southeast Asia but this coincidence does not mean the former influenced the latter. It is more likely that Southeast Asian observers in 1993 already noted the fact that China's rapid economic development since 1992 had been accompanied by a rapid expansion of its military budget, and this realization preceded U.S. arguments. China's relationship with Southeast Asia improved through the rest of the decade because of its accommodating approach. Especially during the 1997 Asian currency and financial crisis, China's avoidance of the devaluation of its currency was highly appreciated by Southeast Asia but this did not stem from an earlier U.S. approval of China's stance. The improvement of U.S.-China relations from 1997 to 1998, when the presidents of both countries exchanged state visits, seems to be related to China's behavior toward Japan but, again it did not have a great impact. During Jiang Zemin's visit to Japan in November 1998 he criticized Japan on the history issue on all occasions, including the Emperor's welcome banquet, which aggravated many Japanese including those who were involved in China affairs. It is possible that one of the factors that influenced Jiang's conduct was the calculation that the success of President Clinton's China visit in June could work as pressure on Japan or that because of the improvement of its relations with the United States, China could afford a temporary deterioration of the relationship with Japan. The tension in U.S.-China relations that followed the accidental U.S. bombing of the Chinese embassy in Belgrade in May 1999 and during the beginning phase of the G.W. Bush administration did not have any direct impact, either positive or negative, on international relations in Asia. The tension in Japan's relationship with China rose with Prime Minister Koizumi's visit to the Yasukuni Shrine in August 2001, which was after tensions in U.S.-China relations started to loosen in July that year. Japan's relationship with China continued to deteriorate till the end of the Koizumi government because of his persistent visits to the shrine while U.S.-China relations improved dramatically after 9/11 with the fight against international terrorism as their shared interest. China's success in winning ASEAN's agreement to pursue

a free trade arrangement in 2001 had very little to do with the state of the U.S.-China relationship.

Recently, however, there are two developments with more direct potential impact on Asia. The first is the emergence of the G2 concept, which takes the result of China's continuous high economic growth for a decade-and-a-half seriously, and which can be a matter of serious concern for Japan. Japan's concern with this concept has two aspects. One is that this can obviously be the latest manifestation of the U.S. inclination to ignore Japan in its dealing with China. It started with the "Nixon Shock" of July 1971, which was traumatic for Japan. It was believed to have resurfaced when the G.H.W. Bush administration suddenly sent two high officials to Beijing in December 1989, when the post-Tiananmen sanction of banning high-level governmental contact with China, (which Japan had reluctantly followed), was considered to be still in place. What made its last minute announcement more aggravating was a subsequent revelation that they had visited Beijing even in July. Now the G2 concept seems to be a proposal to institutionalize the sidelining of Japan.

An additional reason for concern is that the G2 concept emerged while Japan was being overtaken by China as the second largest economy in the world after the United States. In terms of Gross Domestic Product (GDP) it was long considered obvious that rapidly growing China would one day surpass Japan whose economy stagnated for almost two decades, and this became a reality in the second quarter of 2010. China had already surpassed Japan as the number-one holder of U.S. Treasury bonds in December 2008. The reversal was not limited to economics. According to a recent U.S. opinion poll commissioned by the Japanese Foreign Ministry, among "informed" respondents those who mentioned China as the "most important partner of the United States" exceeded those who mentioned Japan as such. It is possible to regard the G2 concept as another sign of the marginalization of Japan at least in the United States.

In spite of these reasons for concern, when Fred Bergsten proposed the concept in his *Foreign Affairs* article in mid-1998 it did not attract much attention in Japan. Perhaps this was because the overall tone of the article was quite critical of Chinese international behavior and because the

discussion was largely limited to economic issues. However, after Zbigniew Brzezinski argued in the *Financial Times* in January 2009 for an “informal G2” to deal with global climate change, to explore the possibility of a larger standby UN peacekeeping force and to promote a zero-nuclear weapons option; and Robert B. Zoellick and Justin Yifu Lin in the *Washington Post* in March 2009 argued that the global economic recovery rode on the G2, discussion of the concept, beginning around May of that same year, became much more widespread. Needless to say, there was no such thing as the Japanese reaction to the concept. But the range of opinions expressed elsewhere shared the common understanding that the concept meant the joint management of global affairs mainly, if not exclusively, by the United States and China. This has prompted two extreme views in Japan. On one side some seem to be resigned to it and argue for a more equidistant foreign policy for Japan between the United States and China, which included watering down the Japan-U.S. security alliance. On the opposite extreme, others argue that this was a dangerous development and that Japan should avoid marginalization by re-invigorating its security alliance with the United States

The middle of the road response can be seen in the discussion among four middle-aged experts carried in the *Asahi* newspaper in May 2010. The overall tone of the discussion was a lack of alarm. The experts argued that the concept is based on the overestimation of China by some Americans and that it is premature to say that China has approached the United States in terms of absolute power, not to mention asserting that there has been a reversal in the power relationship. The implication of this assessment is obvious: that the joint management of global affairs only by the United States and China was impossible. This calm assessment was reinforced by China’s clear rejection of the concept. Premier Wen Jiabao flatly denied the concept in May 2009 saying that it “has no foundation and is wrong.” Some Chinese commentaries even pointed out that it was a plot to “kill” China by excessive praise and that it was a plot to drive a wedge between China and its friends. It was also recognized in Japan that there was no consensus on the G2 concept in the United States. The article by Elizabeth Economy and Adam Segal in *Foreign Affairs* (May/June 2009) provided a powerful rebuttal



to it by arguing that full-fledged cooperation between the United States and China was impossible because of differences in political systems and values. The U.S. government was careful to avoid the concept even when it tried to emphasize importance of its relationship with China. Just to mention one example, when President Obama delivered the welcoming speech at the first Strategic and Economic Dialogue in July 2009, his characterization of the bilateral relationship that it “will shape the 21st century” was immediately followed by the statement that this fact made the relationship “as important as any bilateral relationship in the world.” Another basis of the rather calm response to the G2 concept in Japan was the overall calm reaction to being overtaken by China in terms of GDP. According to the opinion poll conducted by *Asahi* in late April to late May 2009, to the question of whether or not China overtaking Japan as the world’s number-two economy was a serious matter, 50 percent of respondents answered “yes,” but 46 percent answered “no.” That this calmness should not necessarily be considered healthy is revealed by the response to the other item of the questionnaire. To the question of whether Japan had lost self-confidence 74 percent answered “yes,” and to the question of whether or not Japan should be a “big power” with “more say and responsibility” internationally only 39 percent answered “yes” while 55 percent answered “no.”

The second important recent development is the outbreak of the visible rivalry between the United States and China in the oceans east and southeast of China. What touched off this development was the issuing on May 20, 2010 of the report of the international investigation team on the March 26 sinking of the South Korean corvette Cheonan in the Yellow Sea off the North Korean coast (but on the South Korean side of the Northern Demarcation Line). According to the report the corvette was sunk by a torpedo launched from a small North Korean submarine. Following the report the United States and South Korea worked on a plan to conduct a joint military exercise in the Yellow Sea involving the U.S. nuclear-powered aircraft carrier, *USS George Washington*, a plan which aggravated China. China attempted to dissuade the United States and South Korea by a series of military exercises involving both the People’s Liberation Army (PLA) and People’s Liberation Army Navy (PLAN) in the East China and Yellow

Seas from late June to July. When the plan was announced officially in mid-July the Chinese Foreign Ministry spokesperson immediately protested it by saying that entering into the Yellow Sea by foreign warships and military aircraft seriously violated China's national security interests. In obvious consideration for these Chinese concerns the exercise was conducted in the Sea of Japan, on the other side of the Korean Peninsula, from July 25 to 28, 2010.

Meanwhile, the United States and China clashed on the diplomatic front as well. At the Shangri-La Dialogue in early June 2010, Defense Secretary Robert Gates expressed concern with the state of affairs in the South China Sea where China was dispatching navy vessels to protect its fishing boats and to exercise control over fishing boats of other countries. China's Vice Chief of Staff, Ma Xiaotian, responded by protesting U.S. surveillance activities involving military aircraft and warships in the South China Sea. At the ASEAN Regional Forum meeting in July in Hanoi, the territorial disputes in the South China Sea became one of the issues of contention. The disagreement between China and ASEAN members included different views on the way to handle the issue. The Chinese side argued for bilateral negotiations with each country holding conflicting claims and the ASEAN members argued for the use of multilateral negotiations. The U.S. Secretary of State Hillary R. Clinton almost took the side of the ASEAN members by saying that the disputes should be solved by "a diplomatic process by all claimants." She also declared U.S. involvement in the issue by saying that the United States had a national interest in "freedom of navigation, open access to Asian maritime commons and respect for international law in the South China Sea."

In early August 2010 the conflict escalated. On August 5, the U.S. Defense Department announced that the second U.S.-South Korea joint naval exercise would be conducted in the Yellow Sea and that the *USS George Washington* would take part in it. The Chinese Foreign Ministry immediately responded by demanding "serious consideration of Chinese interests." Also, on August 10 the United States sent an Aegis destroyer to Da Nang, the closest Vietnamese port to the Paracel islands, claimed by Vietnam and occupied by China, to commemorate the 15th anniversary of

the normalization of U.S.-Vietnamese diplomatic ties and to conduct a joint exercise with the Vietnamese navy. As if to add insult to injury, the United States also positioned the *USS George Washington* in waters just outside the port and received Vietnamese guests on board. These U.S. moves were severely criticized by Chinese commentators, both civilian and military, as provocations to China, as actions which harmed China's "core national interest," and as measures aimed at encircling and containing China. Some even went on to use the term "hegemonism" to characterize the behavior. It was also reported in early August that China had opened the second missile base in Guangdong in July after the first one constructed the year before, which was equipped with missiles capable of reaching the South China Sea and that China was rushing to develop anti-ship ballistic missiles dubbed "carrier killers" to be launched from these bases.

Although these developments can be seen as representing dangerous tendencies, the important aspect, which was quite reassuring from the Japanese point of view, was that they did demonstrate U.S. commitments expressed to being positively engaged in the region and to standing up against increasingly clear assertiveness in Chinese external behavior. The point was unequivocally brought home in September 2010 when Japan's relationship with China hit the low point over the *Senkaku* Islands, which are under Japanese control but also claimed by China as *Diaoyu* Islands. The collision between one of the Chinese fishing boats operating in Japanese territorial waters near the Senkaku and the patrol boat of Japanese Coast Guard quickly raised tension in the bilateral relationship. Particularly disturbing to the Japanese was the heavy-handed approach the Chinese government took in their attempt to make the Japanese government release the captain of the fishing boat who was detained by the Japanese prosecutor's office. In this context some in Japan questioned if the alliance with the United States was to be depended upon in case of military conflict with China. Their concern was based on the U.S. declared position of neutrality on this territorial dispute as well as vague general distrust. Secretary Clinton assuaged this concern when she met with Foreign Minister Maehara on September 23. She said unequivocally that the *Senkaku* Islands were covered by Article V of the Japan-U.S. Security Treaty, which commits both sides to acting "to

meet the common danger” in case of “an armed attack against either party in the territory under the administration of Japan.”

As of early 2011 however, these developments seem to have been arrested at least temporarily. It was announced, after the second U.S.-South Korea joint naval exercise in the Yellow Sea, which began on August 16, 2010, that it would not involve the *USS George Washington*. On September 8 President Hu Jintao received visiting U.S. high officials and Vice Chairman of the Central Military Commission, Xu Caihou, expressed to them willingness to resume military exchanges, which were suspended after the U.S. announcement of arms sale to Taiwan in January. In late November the United States finally conducted a joint military exercise with the Republic of Korea in the Yellow Sea involving the *USS George Washington* in response to North Korean artillery shelling on a ROK island in spite of Chinese official opposition. However this did not disrupt the development toward improved exchanges between the United States and China. Defense Secretary Gates visited China in early January 2011 and in a little over a week Chinese president Hu Jintao made a state visit to Washington. Therefore, it may be premature to characterize the exchanges between the United States and China at the ASEAN Regional Forum as a symbol “of the diplomatic battle that will define Asia for the next few decades” as the *Financial Times* did. But it is undeniable that it did have such potential. As Rear Admiral Yang Yi argued in his *China Daily* article (August 13, 2010), how the United States and China manage what appears to be a “deep-rooted security dilemma” will affect not only the bilateral relationship but also the stability of Northeast Asia and the Asia-Pacific region.

# STRATEGIC TRIANGLE IN AN UNCERTAIN ENVIRONMENT:

## U.S.-China Relations as Seen Through the Russian Prism

**Fyodor Lukyanov**

Twenty years ago, the international system was organized very clearly—at its core was the relationship between the Soviet Union and the United States. Of course, the division of the world into two opposing blocs was not absolute, as there were countries that sought to take a more independent position (e.g., China). Nevertheless, for all nations in the world the bipolar opposition between Moscow and Washington served as a starting point for determining their foreign policy strategies. The end of the Cold War ushered in an era marked by the absence of a stable international order, the growth of spontaneity in various nations' development, and a demand for new forms of structural stability.

Realists argue that the stability of the international system can be achieved in two ways—namely through effective hegemony or a balance of power. U.S. domination has not worked and it is giving way to a complex multipolar model, so that the issue of balance of power is once again relevant. However, the very definition of “power” has become ambiguous. Power may be “hard” (i.e., military), economic or “soft” and various states have it in different proportions. While losing in one aspect, a state can also gain in another; as a result, the balance becomes complex and nonlinear, if it is achievable at all. In addition, a more globalized economy dictates a growing interdependence of countries, which distorts the principles of a possible balance still further.

This perhaps explains the instinctive desire to restore the habitual bipolar system which is both easy to adapt to and analyze. It is no wonder that, when

it became apparent that a vertically organized world system was impossible, the West began to look for a dichotomous other, both ideological and geopolitical. At their intersection was China, a state that has preserved an illiberal political system, while at the same time is developing rapidly and has the potential to claim geopolitical leadership.

In the mid 2000s, in the ideological sphere there emerged the concept of a new confrontation—between liberal and authoritarian capitalism.<sup>1</sup> The United States naturally personified the former, while Russia and China, the latter. However, after the economic crisis and a sharp decline in hydrocarbon revenues in Russia, authoritarian capitalism was personified only by China. The global economic and financial crisis is largely the reason why the Chinese model, or the Beijing Consensus, is increasingly looked at as an alternative to the Washington Consensus. The growing rivalry between China and the West appears as an inevitable clash of civilizations or ideologies.

In the strategic sphere, analysts have begun speaking of the challenge posed to American leadership by China's growth. This issue has been discussed since the late 1990s; at the end of this decade, it ceased to be purely theoretical and began to take concrete shape. In addition to the usual military aspects of power, another growing concern is the two countries' deep economic interdependence. Some commentators compare this challenge to the "mutual assured destruction" era of the Soviet-U.S. standoff—only this time this "destruction" can be achieved not by nuclear but commercial means.

It gradually became clear in the 2000s that interdependence in the global economy does not necessarily serve as a source of rapprochement. (One simply needs to look at the endless friction between Russia and the European Union over energy.) U.S.-China relations can be described as complicated with a tint of hopelessness. The essence of this relationship was frankly expressed by Luo Ping, director-general of the China Banking Regulatory Commission in 2009 when he said publicly to his American colleagues in New York: "We hate you guys. Once you start issuing \$1-2 trillion we know the dollar is going to depreciate, so we hate you guys but there is nothing much we can do."<sup>2</sup>

Interestingly, the demand for a bipolar system comes from the United States, whereas China prefers to speak of a multipolar system, which Washington considers a potential danger. This factor only reinforces tensions between the two powers.

## Discussions About “Polarities”

The revival of the concept of multipolarity in the mid-1990s (which was eagerly discussed in Moscow, Beijing, and Paris) was a reaction by the rest of the world, especially major powers, to Washington’s attempts to consolidate American leadership/hegemony. Today, multipolarity is gaining ground as a practical concept. It is a way of structuring the global international system where the functions of basic structural elements are performed not by individual states but conglomerations of economic interests, united around the most powerful centers of attraction and economic growth. The European Union and China are the most pronounced “poles;” attempts to form conglomerations have also been made in Latin America (various regional integration projects), Africa, and the Gulf area. Russia may potentially (and must, from the point of view of global stability) become such a center, although everything depends on its own ability to develop and become an engine of economic growth.

Interaction between “poles” cannot be conflict-free as competition for resources and markets not only persists but has even escalated; however, the degree of interdependence between countries is so great that it can reduce the negative effects of this rivalry. In any case, it is easier to agree on principles of interaction among large communities rather than among the huge number of state and non-state actors that entered the stage and received the right to declare their own opinion after the collapse of the bipolar system.

The only country that does not fit into such a system in any way is the United States. In contrast to current and potential centers of gravity, America is not content with the role of a regional power, even though it may be very influential in the region. This is because it now has an exceptionally global horizon and will not give up its leadership ambitions. Although there are heated debates about how to ensure this leadership, American

politicians, with very different views, are nevertheless unanimous in viewing the United States as the world leader. America views real multipolarity as an encroachment on this unique status, preferring instead to speak about multilateral approaches, which implies the mobilization of the international community's efforts under the banner of American leadership.

The United States sees its main task as integrating the rising world powers (above all China) into the existing American-centric system, which its creators believe can provide emerging powers with possibilities for further development without challenging the leader.<sup>3</sup> Such integration would give not only China but also India, Brazil, Russia, and possibly other countries some influence in formulating the rules of the game and, at the same time, would provide an impetus for these countries to maintain the system's stability. This is the essence of President Barack Obama's approach, who repeatedly states that the United States cannot solve world problems on its own.

However, China's behavior does not fit into this logic. Beijing uses the existing world mechanisms to achieve its own and very simple goals—ensuring access to sources of raw materials and markets for its goods. In other words, to create the most favorable conditions for economic development; no global ambitions or ideological expansion, only self-cultivation. At the same time, China does influence these mechanisms. This is not because of the “influence quota” promised to it as a “responsible stakeholder” (a term coined by then-U.S. Deputy Secretary of State and now World Bank president, Bob Zoellick) but through the continued growth of its economic capabilities, a fact that no one can ignore any longer, including the United States. Such an approach puzzles many people. China does not demand anything special for itself, as fast-growing powers usually do, while at the same time it refuses to submit to outside demands or proposals. China is doing its best to avoid situations where it would be pitted *against* the United States, yet it is actively bypassing America in its attempts at building a global network which undoubtedly excludes the United States. Naturally, the country claiming world leadership, the United States, will invariably take this as a challenge.

Scholars from the University of California at Berkeley point out that, “While connectivity for the globe as a whole has increased in the last 20



years, it is increasing at a much faster rate among countries outside the Western bloc. The world without the West is becoming *preferentially* and *densely* interconnected. This creates the foundation for the development of a new, parallel international system, with its own distinctive set of rules, institutions, ways of doing things—and currencies of power.”<sup>4</sup> A political manifestation of this scheme is BRIC—a grouping of four ambitious countries (Brazil, Russia, India, and China) which feel limited in their efforts to increase their own weight and influence in international affairs. One can say that BRIC countries are looking for ways to consolidate their negotiating positions in building the future world order, while continuing to act within the framework of existing institutions.

If one were to approach the question of how to order the international system from the perspective of countries capable of becoming regional poles, as opposed to the American prism, the conclusion would be the opposite to that of Bob Zoellik. The problem is not how to integrate rising powers into the existing system but rather how to integrate the founder and leader of the unipolar system which never took shape into the newly forming multipolar system.

Theoretically (and ideally), the United States can play a positive leadership role by serving as an umbrella for the complex and unstable model, rectifying imbalances and helping to resolve conflicts between various elements of the system. In practice, this role also provides for special rights and privileges and recognition of its leadership status, which contradicts the very idea of a multipolar order.<sup>5</sup> If the recognition of American leadership by all is impossible, then everything will depend on its behavior—i.e., whether the United States will try to establish its leadership by force, or through a demonstration of its readiness to become “the first among equals” will make all the difference in the world. After all, periods of isolationism and regional priorities in U.S. history were longer than periods of transcontinental and global domination.

## Russian Foreign Policy: Looking at China

After the Soviet Union’s break-up, Russia lost its global ambitions. Although it restored its influence in international processes by the mid-2000s, it is still

under the influence of external factors. The global framework, within which all processes important to Russia are taking place, are set by the actions of the world's two most influential powers—the United States and China.

The growth of China's economic and political influences in the international arena is gradually becoming a dominant factor shaping Russia's foreign policy. Consequently, many regional and global phenomena in Russia are viewed through this prism. The desire to utilize opportunities offered by the growth of Asia in general and China in particular is mixed with a concern that Russia may turn into a second-rate power in Asia, which would entail a decline of its global status. The shift in U.S. strategic interests toward South Asia and the Asia-Pacific region also requires a new agenda for Russian-U.S. relations. It must expand beyond its present state, which was largely inherited from the Cold War and therefore, does not meet 21st century realities.

Until recently, the development of Russia's relationship with the United States and China paralleled one another according to its own logic, with the two processes having little connection with each other. Today the situation has changed. Russia's policy is largely dependent on U.S.-China relations, and vice versa—the relations of each of the two with Russia also depend on its relations with the third partner.

It is undeniable that the current state of Russian-Chinese relations, which is free of major political problems, is a precious asset. However, this does not mean complications can not arise in the future. There has long been a fear in Russia of Chinese immigrants flooding into Siberia or its so-called "eastern front," (the Asian part of Russia), thus leading many in Russia to view the Chinese as posing a demographic threat to its sovereignty. A survey conducted by the Russian investment company Troika Dialog, titled *The Far East: Untapped Potential* found that "The man-in-the-street in Moscow or Nizhni Novgorod is afraid of a Chinese invasion much more than the man-in-the-street in Vladivostok or Khabarovsk is." Today it is clear this fear is rather exaggerated as the same survey concluded "There are few signs of a Chinese presence in the region. There are fewer Chinese in the streets of Khabarovsk than in London, and Chinese companies do not have firm positions in the region. There are few examples of investment by Chinese

companies: this issue is complicated by legal obstacles.” It goes on to say that “the synergy between Russia and China is the best in the world: Russia has the natural resources that China needs, while China has the money (capital surplus) that Russia needs. China has a very low return on capital, while Russia has high interest rates, so it would be only logical if Chinese money flowed into Russia.”<sup>6</sup> Accordingly, the prevailing discourse in Russia today believes the rise of China should not be viewed as a threat to Russia, but as a risk. This is but one reason why Russia should pursue a stable, albeit somewhat remote, partnership with China.

“Remote” because the risks posed by the perpetuation of structural imbalances in bilateral trade are far more serious. Specifically, there is a fear this structural imbalance can quickly slide Russia into the position of a raw material appendage of the newly-emerged “world workshop.” However, fears of Chinese expansion now give way to more general concerns, such as the growing imbalance in the socio-economic development of the two countries possibly resulting in their political inequality. Prominent foreign policy analyst, Sergei Karaganov noted that “the availability of the Chinese alternative strengthens Russia’s positions in bargaining with the West. Yet it also increases the chances—if the existing vector of social and economic development persists—of sliding past the status of a “respected younger brother” and turning into an outright raw and energy appendage of Great China. This will add to the unenviable role of a powerful but weakening energy appendage of feeble Europe. In the final run, a scenario of this kind is fraught with weakening of the country’s sovereignty.”<sup>7</sup>

There is also another point of view. Pavel Salin contends that “if the present trends persist, the Chinese model of the world will de facto assign to Russia a place that would largely satisfy its elites and population. In particular, Russia would provide raw materials for the growing Chinese economy in exchange for access to the world infrastructure created by Beijing.”<sup>8</sup>

Discussions about the future of Russian-Chinese relations are now closely linked with the issue of Russia’s political, economic, and civilizational orientation. Perhaps the most important reason why Russia should avoid becoming too close to the Chinese locomotive is its speed. The longer China’s economic miracle lasts, the greater the economic, social, and regional

disparities will be, making the consequences of an abrupt slowdown all the more dangerous. Accordingly, Russia will feel an ever-greater need for establishing safety mechanisms, alternative options and new opportunities.

The need for Russia's sustainable presence in the Asia-Pacific region—a key part of the world in the 21st century—is beyond doubt. The central problem today is avoiding Russia's conversion into a regional satellite. In other words, the weakness of Russia's current position in the Asia-Pacific region should be compensated for by an aggressive policy of maximizing and diversifying economic and political opportunities elsewhere.

The Russian strategy of a “turn to the East” must fully match America's influence in the Asia Pacific. Both the United States and Russia are aware of the region's influence in shaping their futures in the 21st century, as well as in mitigating the chances of any serious conflict of interest flaring up on either side in the region. As far as regional security trends are concerned, it should be recognized that the U.S. military presence in the Asia Pacific in no way contradicts Russia's interests. The situation there differs significantly from that on the western and southern borders of Russia, where any strengthening of U.S. and NATO forces is a factor for discomfort.

This does not mean Russia should rush into teaming up with the United States to form new regional security patterns in Asia; this would inevitably be seen by Beijing as aimed against its own interests. In fact, it is important to recognize where the line between maintaining a balance of forces optimal for Russian security, and the creation of a real or virtual anti-Chinese coalition in Asia is drawn; the latter being something Russia should avoid by all means. At the same time, tapping the potential of Russian-American cooperation in the Asia-Pacific region might yield the basis for future positive relations between Russia and the United States, as well as for preserving and building on the extremely fragile results of the current “reset” in the relationship.

The China factor will increasingly continue to influence Russia's foreign policy. Depending on how its relationship with Beijing develops, Moscow will most likely adjust its relations with other major players, especially the United States. Russia cannot afford to have bad relations with China, as this

may bring very big risks in all areas. At the same time, the search for a soft system of counterweights will probably become the leitmotif of Russia's policy in Asia and beyond.

## Russian Foreign Policy: Looking at the United States

As noted above, the basis of Russian-U.S. relations is still largely a product of Cold War inertia, although the present world situation has absolutely nothing to do with that era. After Barack Obama came to power, the ideological ballast of U.S. policy has diminished and the need for a new agenda has become quite obvious. However, the remaining nuclear parity between the two countries, based on the principle of mutual assured destruction, will not let them completely abandon the previous model. At the same time, it is clear that relations can not progress if it continues on this basis. According to many Russian experts, the New START Treaty signed in the spring of 2010, has exhausted the potential of bilateral negotiations on the reduction of nuclear weapons. Further reductions in the nuclear arsenals require the involvement of other nuclear countries in this process, especially China. Otherwise, Russia will fear for the security of its "eastern front," because China is consistently upgrading its nuclear potential.

Most of the strategic differences between Russia and the United States, (some very acute, such as the attempt to extend NATO into the post-Soviet space, which led to war in the Caucasus in 2008), stem from the lack of mutual understanding in Europe. However, as the focus of world strategic interest shifts towards the Asia-Pacific region, the United States is objectively reducing its interest in the Old World, which also reduces general tensions between Moscow and Washington. It is clear Russian-U.S. interests begin to largely coincide the farther east one goes.

When the United States pursued an active policy of extending Western institutions into the territory of the former Soviet Union, Russia looked for counterweights to American domination. Hence, the growing interest in Moscow in any alternative structures, above all BRIC and the Shanghai Cooperation Organization (SCO). It viewed political partnership with China also as an important way to offset the U.S. military-political offensive.

Beijing was guided by the same considerations, although no organizations involving Russia and China have ever declared their desire to confront the United States.

Beijing and Moscow have similar approaches to the global situation. Since the mid-1990s both capitals have consistently upheld the need for a “multipolar world” with no one hegemon. At the same time, their disagreement with U.S. claims to leadership does not mean a desire to offer strong resistance to the United States or take its place. Even though they do not approve of its policies both Russia and China are building extensive and diverse, although very different, relations with Washington.

Today the situation has changed. Paradoxically, Russia and the United States are facing similar problems, although they are in absolutely different positions—neither Moscow nor Washington knows how to build relations with Beijing for the medium term. The habitual choice between containment and engagement, proposed by the United States, does not work; while Russia still does not see any real opportunities for itself in the conditions of a growing economic imbalance with China.

The “Program for the Effective Use of Foreign-Policy Factors on a System Basis for the Long-Term Development of the Russian Federation,” which leaked to the press in May 2010, was a typical manifestation of this uncertainty. The document, never denied but not confirmed officially, says: “Special attention should be given to monitoring the growing role of China in international affairs, including from the angle of consequences Beijing’s activities may have for our global and regional interests.” Russian diplomacy must be “guided by the fundamental importance of consolidating China on the position of joint actions with us—with due regard for the evolving situation—in the Group of Twenty, BRIC, and the SCO, as well as at the UN Security Council (where at present the Chinese often need our support more than we need theirs).”<sup>99</sup>

The global political tendencies that emerged in the early years of the 21st century and that have been boosted by the crisis are forcing Washington and Moscow to look for new approaches. Bilateral relations can be put in the same context. Despite numerous weaknesses that threaten Russia’s

future development, it is one of the few remaining countries in the world today that possess classical strategic thinking skills and the capacity and ability to use force. Europe has lost these qualities, while China has focused on its own development, at least for the time being. This factor can equally make Moscow an opponent or an important partner of Washington's. However this is possible only if the Cold War inertia finally gives way to an understanding that the world in the 21st century will be totally different both for the United States and for Russia.

## Conclusions

- The United States, China, and Russia are three major world powers that have strategic potential (military force, huge export potential, and geopolitical position) and that are in the process of rethinking their roles in the world (each in its own way). The future development of Eurasia and the Asia-Pacific region, key territories for 21st century politics, will largely depend on the nature of their mutual relations.
- The development of relations between China and the United States is of great importance to Russia, as they will play a crucial role in how Moscow formulates its own strategy.
- Moscow cannot afford to have bad relations with Beijing and will actively avoid, whenever possible, any situation that pits it against China. However, this does not rule out the policy of cultivating other relations that could counterbalance China's influence, both economic (especially in the Russian Far East) and political. The United States is the most substantial partner in this respect.
- If the U.S. administration makes an attempt to return to the practice of imposing political and ideological attitudes, which is possible if conservatives take the White House in the next election, Russia will also place greater emphasis on cooperation with potential alternatives, above all China. This is especially likely if Washington steps up its political presence in the post-Soviet space from the Black Sea region to Central Asia.

- The formation of a tripartite mechanism for consultations and for coordinating the positions and interests of the three countries in the strategic, political, and economic spheres (although in the latter case, Russia will likely have only a consultative vote) would be the best option for the future. Experts both in Russia and China have already come up with such a proposal.<sup>10</sup>



## Endnotes

1 Promoted among others in various publications by Robert Kagan and Azar Gat.

2 See <http://ftalphaville.ft.com/blog/2009/02/16/52478/china-to-us-we-hate-you/>.

3 The most common views on China's integration are represented in articles published in *Foreign Affairs* in 2008. C. Fred Bergsten proposed establishing a Group of Two (G2) as a kind of American-Chinese condominium for governing the world, see "A Partnership of Equals: How Washington Should Respond to China's Economic Challenge," (July-August 2008); Zbigniew Brzezinski and Henry Kissinger followed up on this idea in 2009; G. John Ikenberry believes that China is well aware of benefits that its peaceful integration into the American-centric system offers, see "The Rise of China and the Future of the West," *Foreign Affairs* (January-February 2008); Earlier, Niall Ferguson and Moritz Schularick coined the neologism "Chimerica," describing the symbiotic relationship between China and the United States, but in a paper published in October 2009 the authors claimed the end of "Chimerica."

4 Naazneen Barma, Ely Ratner, and Steven Weber, "A World Without the West," *National Interest*, no. 90 (July-August 2007): 23-30.

5 This model is described in Charles Kupchan and Adam Mount, "The Autonomy Rule," *Democracy. A Journal of Ideas* (Spring 2009). The authors proceed from the fact that in the new world system the United States should abandon narrow ideological interpretations of democracy and liberalism and take account of cultural peculiarities of various nations in order to retain its leadership and delegate responsibility to other powers. In other words, it should rethink its criteria of interaction, but the criteria themselves, as well as the goals of interaction, will be determined by the United States.

6 (In Russian), see [http://www.sia.ru/?section=484&action=show\\_news&id=111792](http://www.sia.ru/?section=484&action=show_news&id=111792).

7 Sergei Karaganov, Personal Website, "The Past Year and the Upcoming Decade," <http://karaganov.ru/en/publications/99>.

8 Pavel Salin, "The Chinese Patience," *Russia in Global Affairs*, no. 3, 2010.

9 See <http://www.runewsweek.ru/country/34184/>.

10 This idea is promoted in the 2009-2010 publications of the *Valdai Discussion Club*, "Towards a new Euro-Atlantic Security Architecture" and "Towards the Alliance of Europe."



# SOUTHEAST ASIAN VIEWS OF THE U.S.-CHINA RELATIONSHIP:

## **Benefiting from Economic Cooperation, Suffering from Geopolitical Competition**

**Simon Tay**

At the 2010 ASEAN Regional Forum (ARF), U.S. Secretary of State Hillary Clinton singled out for comment Chinese declarations over disputed islets in the South China Sea. This was welcomed by many Southeast Asian states who also have claims and fear Chinese projections of power in the disputed area. Yet it would be unwise for ASEAN to be overly dependent on the United States and give the impression that it seeks U.S. containment of China. Over the last decade, China has engaged ASEAN consistently and generally with benevolence. ASEAN should wait to see how Beijing responds to concerns over this issue.

Siding with the United States is especially dangerous as differences brew between Washington and Beijing. There is tension over a range of issues from Tibet, democracy, and North Korea to the value of the Renminbi (RMB) and the complaints of iconic American companies such as Google and General Electric. Such conditions threaten to recreate the old Asian saying that “when two buffalo fight, the grass dies.” ASEAN cannot afford to be forced into choosing between befriending either the United States or China.

ASEAN as a group has yet to agree fully on what its members hope U.S. engagement can bring to the region. Still, one need is for security. Although it has been a long-standing role played by the United States, there is a re-emergent perception that it is still needed. With respect to China, while there may be questions of security in the South China Sea, there are also hopes for sharing in its economic prosperity. China’s continuing rapid growth is a positive for ASEAN and much of Asia. It is moreover

China—not the United States—that has agreed to a free trade agreement with ASEAN, due to begin in 2010, to bring the economies closer together.

ASEAN must therefore seek good ties with both. They must avoid “either-or” thinking and instead pursue policies built on “and” to emphasize interdependence. Even as the U.S.-ASEAN Summit moves forward, ASEAN can keep an eye out for its summits with China in the future, both bilaterally and in wider intra-Asian gatherings.

In seeking good ties with both, ASEAN will benefit most from a cooperative U.S.-China relationship.

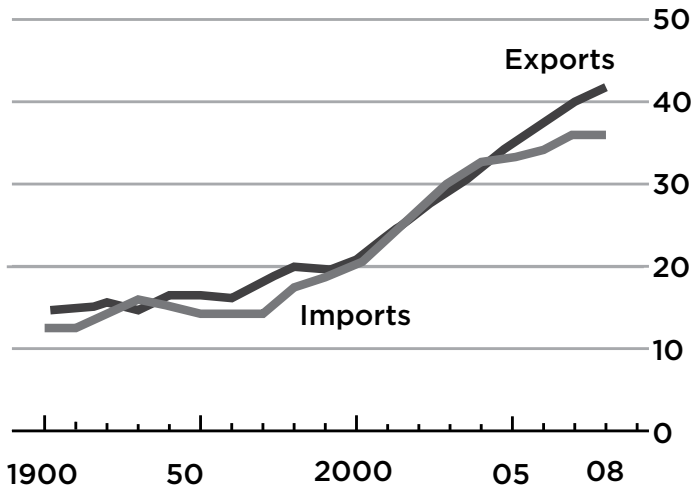
## U.S.-China Relations: Implications for ASEAN as a Regional Production Hub

Countries in Southeast Asia are aware that U.S. domestic issues have the potential to derail U.S.-Asia relations. Having faced mid-term elections in November 2010, many American politicians were tempted to bring the issue to a boil to gain votes by singling out China as an issue. U.S. policymakers should understand that anti-China trade policies hurt not only China but the rest of Asia, since the regional production network hubs revolve around China. On the other hand, unless China and others in the region move on their currencies, pressure will grow in the United States for action against imports from across the Pacific.

Even if ASEAN is not directly targeted by U.S. protectionist policies, there is good reason to believe it would suffer significantly from bilateral protectionism between the United States and China. Many have argued persuasively that China’s economic growth is spilling over to Southeast Asia.<sup>1</sup> Like China, Southeast Asia has experienced strong economic growth in 2010. China is now the largest trading partner for Australia and India, (the biggest export market for Japan, South Korea, and Taiwan), the second-biggest for Malaysia and Thailand, and the third-biggest for Indonesia and the Philippines.<sup>2</sup>

## Arise

China's share in East and South-East Asia's Trade  
%



Source: Asian Development Bank

Tensions in U.S.-China relations would impact Southeast Asia also because, by various estimates, a significant proportion of Southeast Asian exports to China eventually end up in the United States. For example, Malaysian officials believe that around 60 percent of their exports to China eventually end up in the G3. Even for a country like Indonesia, which predominantly exports raw materials, the percentage of re-exports is believed to be around 20-30 percent.

The Chinese economy is growing quickly but still represents only eight percent of global GDP. Southeast Asian nations have benefited from China's economic rise, but its domestic consumption is not enough to sustain ASEAN's growth in exports. As such, Southeast Asian trade in intermediate goods that end up in the United States is vital to the region's economic well-being. A cooling in the U.S.-China relationship would threaten this interdependence.

## Asia's Normative Community and a Role for the United States

While reengagement with the United States is desired, many in ASEAN continue to hope that the United States and China can be engaged simultaneously—together with Japan, India, and others. Like many in the region, the small to medium-sized states in ASEAN do not wish to be forced into a stark either/or choice. Consequently, the wish to renew and deepen ties with the United States does not mean that Asians wish to return to an American dominance of the region or to side with the United States against China. Asians must hope that the United States itself will continue to prefer to develop cooperative ties with China, rather than emphasizing China-U.S. contention. In such a scenario of growing contention, circumstances for other states in the region will hark back to the Asian adage: “When the buffalo fight, the grass dies.”

Asia is trying to come together more as a region. There are different and varying efforts, both existing and proposed, being carried out to build a community. There are reasons for small and medium-sized states to wish to deal with China in a group setting, and not just bilaterally. The same logic applies to ties with the United States, as the present dominant power. However the desire for multilateral settings and community building also faces distractions and dangers.

ASEAN, as noted earlier, recognizes the need to raise the security concerns in the South China Sea as a multilateral issue to draw China into agreeing to a code of conduct. Over the stickier issue of territorial claims, Beijing officials are presently trying to deal bilaterally with the different claimants while some in ASEAN want to elevate these to a collective discussion. The Mekong River presents a similar challenge, where China controls the headwaters and can affect the states lower down the river—Cambodia, Laos, Thailand, and Vietnam. Developing the subregion holds the potential to develop some of the poorest areas along the Mekong as well as to better protect the river's ecology. ASEAN ties with China have put the Mekong subregion on the agenda, rather than leaving each of these states to deal individually with China. While collective responses remain essential, group

unity in ASEAN has sometimes proven difficult as Chinese influence has grown in some of the riparian states.

In both these areas, the United States could engage usefully not just with ASEAN but also with China and others in Asia. American involvement would help ensure equitable agreements that are in accordance with international norms and the long-term mutual benefit of the states involved. This should not be a question of ASEAN needing American weight to counterbalance China. In some cases, American interests might coincide with China's—for example in seeking to ensure that freedom of navigation and safety of shipping is maintained in the South China Sea (as well as the Straits of Malacca). The approach would instead be to create a community of states with common purpose and values, and to engage each other for mutual benefit according to those values.

Such hopes colored the first U.S.-ASEAN Summit, held in 2009. To those who believe Southeast Asia has come under Chinese dominion, the summit can be seen as the United States fighting to regain influence. However while ASEAN's ties with China have warmed, the region has not become a satellite for China. Some concerns remain and indeed may emerge again as Chinese power and influence grows. From this second perspective, the ready acceptance of ASEAN leaders of the summit with the United States is not to be seen as an anti-China stance. Rather, the summit reinforced the group's aspiration to serve as a hub for the region, linked to all major powers and economies interested in Asia. ASEAN and its component member states must embrace the power of "and" in their relations, rather than seeing this as a negative balance of power in terms of siding either with China or the United States.

This thinking has to be embedded not just in their relations with China but equally in those with the United States. The U.S.-ASEAN Summit held in 2009 was a similar effort to engage in a multilateral setting. The new U.S. engagement through the East Asia Summit in a multilateral setting represents a thinking that is different from the bilateral alliances and relationships that have previously characterized U.S. engagement in Asia. These U.S. bilateral relations have most often centered on security and defense and will continue. Indeed, there is thinking that these will grow to

reach out particularly to Indonesia and Vietnam, alongside the U.S.-ASEAN summitry and the existing relationships with allies such as Thailand, the Philippines, and Singapore, which has been described as a “steadfast friend.”

## Understanding the Relationship between China and ASEAN

In the years since the Mischief Reef incident as well as throughout the crises, China has made a long-term and multipronged effort to influence and win friends in Southeast Asia. This goes beyond economics, tourism, and language lessons and into questions of foreign affairs and security. For ASEAN, there have been fewer concerns about Chinese aggression. The ebb of Communist ideology in China has been marked by the end of insurgent movements in Southeast Asia. China is not a democracy, but few in Asia (unlike those in the United States) see that as an obstacle to closer relations. This is especially since China has signed onto the ASEAN Treaty of Amity and Cooperation (TAC). The TAC promises, among other things, that countries should use peaceful means to settle disputes. For ASEAN, the TAC has been a touchstone for closer friendly ties not only among its member countries but in the wider region.

This comes back to the South China Sea. In 2002, China agreed to a code of conduct with ASEAN states. While the Code is nonbinding, China has shown its acceptance of a framework in dealing with its neighbors. While I was in Beijing, the Chinese ambassador to ASEAN, Xue Hanqin, told me that China will continue to discuss issues on the substantive questions of sovereignty on a bilateral basis with the claimants—Brunei, the Philippines, Malaysia, and Vietnam. This, from the Chinese perspective, is preferred so that the discussions—which would be sensitive—should not involve the whole of ASEAN, although some of the Southeast Asian claimants preferred a multilateral approach. Tensions over the rocks are exacerbated by nationalism as potential energy resources and potential sea routes are at stake. Nevertheless, the handling to date has shown China’s concern to avoid poisoning the overall relationship of cooperation.

China does not yet have the strongest aspect of soft power—the one that



makes others want to emulate its system and be accustomed to following its lead. No one in Asia wants to be China, at least not its political system. Instead, an increasing number of societies in Asia value and uphold democracy—most notably and recently Indonesia, in an about-face from the authoritarian Suharto years. In spite of this, over the long term China has successfully found ways to downplay concerns over the South China Sea and its booming economy, and plays up the benefits of working together; even if tensions flare up every now and again.

### ASEAN's Role in Asia

ASEAN is still accused of being only a talk shop. Even if that is so, it has done some things that others can not. ASEAN has, for example, brought China and Japan together; when these two giants were not talking to each other directly, they still attended the meetings hosted by ASEAN for the wider group. In 1999, when ASEAN first brought China and Japan together with South Korea, the leaders of these three countries also agreed to share breakfast. Ties among the Asian giants were so limited at that time that even this informal event attracted media attention as a first “summit.”

China's state-run *Xinhua* news agency quoted Jin Xide, a researcher with the Chinese Academy of Social Sciences, as saying, “The leaders of the three neighboring states, for the very first time in the last millennia, sit down around one table.” It reported that the three leaders took up the issue of China's membership in the World Trade Organization (WTO) during the hour-long meeting, with the Japanese and South Koreans expressing support for Beijing's early entry to the world trade governing body. The Japanese *Daily Yomiuri* also reported the meeting between the leaders as significant. Yet it summarized the discussions as being about regional security and the concern about North Korea's intentions to develop nuclear weapons. This contrast of reports and emphasis in the newspapers demonstrates the continuing issues between the Northeast Asian giants. Even when they just meet for breakfast, no one can agree on a common agenda.

This shows why, although it is without military strength or great economic weight, ASEAN has emerged as a key regional actor amid the rivalries of other more powerful Asian states. ASEAN has played a central role, hosting

key Asian meetings and generating an agenda that is agreed by all. In some ways, this has been a default position, built on the lack of acceptability by others to lead. ASEAN's lack of ambition to contend for power has allowed the group to gain acceptance and trust from others in Asia.

However, ASEAN has not been complacent. It has sought to establish an example of cooperation in Asia and set out principles and forums for the wider region and larger states. Again, this is a result of the Asian financial crisis of 1997-98. Coming out of the crisis, an ambition grew for much closer cooperation—to “reinvent ASEAN” and create a community. At the 2003 Summit, ASEAN's leaders announced plans to spur the development of an ASEAN Community, founded on three pillars: mutual understanding of and cooperation on economic, political security, and sociocultural issues.

The effort at economic integration has been the most emphasized and advanced. Since the financial crisis, ASEAN member countries have witnessed the economic rise of China and, more recently, that of India. Whereas pre-1997 figures of foreign direct investment and other economic indices favored ASEAN, the statistics a decade on clearly suggest that China and India are growing more rapidly than the small and medium-sized countries of ASEAN. Recognizing these trends, ASEAN leaders seek to move ahead on creating a single Southeast Asian market of over 500 million people. While this would still be smaller than either China or India, such an ASEAN market would be far larger than any one of the ASEAN member states on its own.

The desire for an ASEAN community has also brought on changes and a strengthening of the group's institutions and norms. The ASEAN Charter was created as a formal treaty to set out the principles and bases for the group, as well as an opportunity to review and improve norms and rules for ASEAN to move ahead with the community-building project. Launched in December 2008, the Charter is a “constitutional moment,” introducing considerable changes to the region. The Charter sets out historical aims to maintain and enhance peace, security and stability, further strengthen peace-oriented values in the region, enhance regional resilience, and preserve Southeast Asia as a Nuclear Weapon-Free Zone that is also free of all other weapons of mass destruction. The Charter also highlights emerging

purposes like economic integration into a single market and the promotion of democracy, human rights, and good governance.

Competition for influence continues. Yet ASEAN has helped turn this into a healthy competition, to the benefit of the region as a whole. The evolution of free trade and economic agreements among Asians is an example of this. The offer by China to ASEAN for a free trade agreement was a major impetus for Japan to go beyond the economic partnership agreement that it had earlier concluded with Singapore (the Japan-Singapore Economic Partnership Agreement or JSEPA). After the Chinese offer, Japan reached out to some ASEAN member states with bilateral FTAs and has also negotiated a wider agreement with ASEAN as a whole. These developments have, in turn, played a part in influencing South Korea and India to begin negotiations with the region as a whole. ASEAN also has agreements with Australia and New Zealand, making it a hub for economic relations in Asia. This complex and confusing weave of agreements has led some to argue for a pan-Asian agreement to create an economic community à la the European Union. In this too, there is a contest of ideas between Japan and China. A narrower grouping with just ASEAN and the Northeast Asian three of China, Japan, and South Korea—dubbed ASEAN+3—is favored by China. In comparison, the Japanese have proposed a wider grouping that includes India to the west and Australia and New Zealand to the south. They have funded studies on the economic and other advantages for this wider grouping through a new economic research institute for ASEAN and East Asia, pumping significant money for the idea to gain traction among analysts, opinion makers, and officials in ASEAN countries.

## U.S.-China Relations: A Southeast Asian Perspective

American policy toward China is always controversial and in flux, searching for balance as the relative strengths and priorities of these two giants shift. In Washington policymaking circles, the discussion about Asia more often than not centers on China and its rise. Views are diverse—and fought over. Those who advocate cooperation with China are disparaged as “cuddling” or “kowtowing” to Beijing. Those who are concerned about Chinese strategic ambitions and competition are “hawks” that advocate “containment” to

stall China's rise. The resulting policy has altered from time to time, and from one president to another. Policies increasingly show mixed elements of both competition and cooperation. Differences in emphasis continue to exist and matter in how the American administration approaches China.

This is not just a matter of mood and personality. Deeper questions of the relative distribution of power arise between the United States as the established, dominant power and the rising power of China. There are also ideological differences about democracy, markets, and the norms of the international community. Some argue that as Chinese power increases, and unless its ideology softens, the elements of competition between China and the United States will increase, as compared to the cooperative dimensions of the relationship. One initiative is to emphasize China's role as a responsible stakeholder in the global and regional order. This advocates working with China on a positive agenda that includes issues like climate change abatement and deemphasizes contentious issues such as human rights and democracy. This policy evolved toward the end of the Bush presidency and now seems ascendant in the new administration.

President Obama's visit to Beijing in mid-November 2009 was closely watched. He offered cooperation on climate change technology but he largely avoided ongoing controversies over the human rights of Tibetans, Uighurs, and other minorities. He stated that the United States does not seek to contain China and that the two countries are not "predestined adversaries." While difficult issues like the value of the Chinese Yuan and the future of the U.S. dollar remain, the overall tone of the U.S. president was to engage China in positive and cooperative ways, rather than to issue demands and confront Beijing.

This first visit was diversely evaluated. Some in America—especially from the political right—suggested that President Obama was ceding too much ground to China and kowtowing to its interests. Others evaluated that he was balanced and struck the right note given the real needs for cooperation between the two countries to address global challenges. It seems likely not only that opinions will vary but that policies may shift over time, depending not only on the evolution of circumstances but also in interaction with other actors in Asia.

In the initial months of 2010, there was a shift in U.S. strategy, with the United States seeming reluctant to cede to China any diplomatic ground at all. Secretary of State Hillary Clinton criticized China for censoring the Internet in the wake of Google's allegations about Chinese hackers. The Obama administration went ahead with weapons sales to Taiwan and a meeting with the Dalai Lama, despite threats of sanctions from Beijing. In February, the Obama administration revived pressure on China to stop artificially depressing its currency. Although the rows have not gone beyond rhetoric, they signal that ties between the two giants are fraying.

Lee Kuan Yew of Singapore is conscious of the shift in power in the crisis but he believes there is still time before the Chinese comes to parity with the United States and that this time can be used productively by Washington. Lee sees strengths in the U.S. system: "It's not just American talent that gets you here. You're just 300 million people and they [China] have 1,300 million and very many more able people. But you are attracting all the adventurous minds from all over the world and embracing them, and they become part of your team."

With the United States recovering and resuming growth with these strengths, Lee sees that it will take many decades for China to reach America's standard of living and standard of technology. Given this time, Lee argues that the United States can use its current advantages best not by containing China but by making China "feel that it is accepted at the top table," so that it emerges as a responsible stakeholder. However, he warns against complacency about China and Asia. The current generation of Chinese leadership, according to Lee, accepts that they have no chance competing against America in technology and especially military technologies. However, "the key really is...the next (generation)."

Lee did not suggest that the United States "contain" China. He is no hawk on China. Having befriended China since the opening by Deng Xiaoping, Lee has been on record as helping explain China's interests to the Western world. Indeed, when Lee and others spoke in the early 1990s about Asian values and differences over human rights, many read his comments as justifying not only the soft authoritarian rule in his own country of Singapore but also as providing a basis for Beijing in the wake

of Tiananmen. Yet, despite this track record of friendship and the tenor of his words, controversy still erupted over Lee's message that the United States should be in Asia to "balance" China. Outrage was expressed across the Chinese Internet universe. Many of the netizens said that Lee had treated the Chinese as outsiders although they had treated Singaporeans as "among their own." One netizen suggested that, even if he is not himself a hawk, Lee's statements legitimized those in the West who fear China's rise and would harm the country's interests.

I was in Beijing the week after Lee's speech, just as the controversy on the Internet peaked and comments started to appear in the *China Daily*. I was engaged in a dialogue among think-tanks, including several serving and retired Chinese ambassadors as well as experts and professors. President Hu Jintao of China was to make a state visit to Singapore shortly after the dialogue. In several of the sessions, including a review of almost 20 years of relations between China and Singapore, the issue surfaced, although the tone was less strident than on the Internet, and the choice of words less colorful. While some understood the comment "given the interests of a small state," others voiced sentiments that were similar to those on the Internet. When asked my view, I ventured that a growing and dynamic China was beneficial to the region and that no one, especially not Singapore, would seek to contain China or derail its rise. What I thought the talk aimed at was to help the United States understand the emergence of a multipolar world and region, and to warn against isolationist tendencies in America after the global financial crisis. The United States would not be welcome to return to dominate Asia, I suggested to the Chinese, but it should return as an essential partner with vital interests in the region.

The dialogue carried on among the professors and ambassadors in measured terms and over tea. Some went out of their way to assure the Singaporeans that government relations would not be affected. Nevertheless, rising Chinese national pride, especially among its public, was palpable. Chinese scholars and opinion makers of the new generation feel freer to speak their minds and to take contrary positions. The retired ambassadors were more constrained, but they did not object to this growing diversity of opinions.

Beyond the particulars of this controversy, this attitude among Chinese—already on the net and increasingly in their media and official and semiofficial circles—is something that all those interested in the future of China and the region should note. China today is more assertive, especially as it leads the way out of the crisis. China today also remains sensitive about its standing in the world and to efforts to balance its influence, let alone to contain its growth. This combination of assertiveness and sensitivity will bear watching and management.

Part of that management for other states in Asia will depend not only on having good ties with the Chinese but on strengthening ties to other powers, including the United States. In this context, Obama's visit to Asia in 2009 was significant because of the outreach made to ASEAN. After relative neglect from the past administration, the Obama team signaled an intention to assign greater importance to engaging the group.

ASEAN cannot be overly dependent on either the United States or China, or give the impression that it is reaching out to the United States to contain China. Going forward, ASEAN is likely to strive for good relations with both the United States and China; more than just neutrality but the best of both worlds. This would ideally be balanced with a strong U.S.-China bilateral relationship that encourages or at least tolerates U.S. engagement in the region. This would provide important economic and strategic benefits to Southeast Asia.

## Endnotes

1 See Prema-chandra Athukorala, “Production Networks and Trade Patterns in East Asia: Regionalization or Globalization?” (working paper, Asian Development Bank, no. 56, August 2010); and Vivek Arora and Athanasios Vamvakidis “China’s Economic Growth: International Spillovers,” (working paper, International Monetary Fund, July 2010).

2 “Afloat on a Chinese Tide,” *The Economist*, September 2, 2010, [http://www.economist.com/node/16943589?story\\_id=16943589](http://www.economist.com/node/16943589?story_id=16943589).



# CHINA'S LENGTHENING SHADOW OVER ASIA AND U.S. POLICY

**Brahma Chellaney**

With the eastward movement of global power and influence, all the major actors on the international stage are defining new roles for themselves in Asia, a vast continent whose significance in international relations, in some respects, is beginning to rival that of Europe in the 18th and 19th centuries. As these powers seek to build new relationships and equations, the stage has been set for greater cooperation and competition. Asia, home to more than half of the global population, is likely to help mold the future course of globalization. In fact, with the world's fastest-growing economies, the fastest-rising military expenditures, the fiercest resource competition, and the most-serious hot spots, Asia holds the key to the future global order.

Asia has come a long way since the time of two Koreas, two Chinas, two Vietnams, and India's partition. It has risen dramatically as the world's main creditor and economic locomotive. Indeed, the ongoing global power shifts are primarily linked to Asia's phenomenal economic rise, the speed and scale of which has no parallel in world history. How fast Asia has risen can be gauged from the 1968 book, *Asian Drama: An Inquiry Into the Poverty of Nations*, by the Swedish economist and Nobel laureate Gunnar Myrdal, who bemoaned the manner impoverishment, population pressures, and resource constraints were weighing down Asia. The story of endemic poverty has become a tale of spreading prosperity.

Yet, Asia faces major challenges. It has to cope with entrenched territorial and maritime disputes, harmful historical legacies that burden all important interstate Asian relationships, sharpening competition over scarce resources, (especially energy and water), growing military capabilities of important Asian actors, increasingly fervent nationalism, and the rise of religious

extremism. Diverse transborder trends—from terrorism and insurgencies, to illicit refugee flows and human trafficking—add to its challenges.

At the same time, however, Asia is becoming more interdependent through trade, investment, technology, and tourism. The economic renaissance has been accompanied by the growing international recognition of Asia's soft power, as symbolized by its arts, fashion, and cuisine. But while Asia is coming together economically, it is not coming together politically. If anything, with the gulf between the politics and economics widening, Asia is becoming more divided politically. In some respects, China's rise has contributed to making Asia more divided.

To compound matters, there is neither any security architecture in Asia nor a structural framework for regional security. The regional consultation mechanisms remain weak. Differences persist over whether any security architecture or community should extend across Asia or just be confined to an ill-defined regional construct, East Asia. The United States, India, Japan, Vietnam, and several other countries wish to treat the Asian continent as a single entity. China, on the other hand, has sought a separate "East Asian" order.

One important point is that while the bloody wars in the first half of the 20th century have made wars unthinkable today in Europe, the wars in Asia in the second half of the 20th century did not resolve matters and have only accentuated bitter rivalries. A number of interstate wars were fought in Asia since 1950, the year both the Korean War and the annexation of Tibet started. Those wars, far from settling or ending disputes, have only kept disputes lingering. China, significantly, was involved in a series of military interventions, even when it was poor and internally troubled.

A recent Pentagon report has cited examples of how China carried out military preemption in 1950, 1962, 1969, and 1979 in the name of strategic defense. The report, titled *Military and Security Developments Involving the People's Republic of China 2010*, states: "The history of modern Chinese warfare provides numerous case studies in which China's leaders have claimed military preemption as a strategically defensive act. For example, China refers to its intervention in the Korean War (1950-1953) as the 'War

to Resist the United States and Aid Korea.’ Similarly, authoritative texts refer to border conflicts against India (1962), the Soviet Union (1969), and Vietnam (1979) as ‘Self-Defense Counter Attacks.’” The seizure of the Paracel Islands from Vietnam in 1974 by Chinese forces was another case of preemption in the name of defense. Against that background, China’s rapidly accumulating power raises important concerns today.

In fact, it is the emergence of China as a major power that is transforming the geopolitical landscape in Asia like no other development. Not since Japan rose to world-power status during the reign of the Meiji Emperor in the second half of the 19th century has another non-Western power emerged with such potential to impact the global order as China today. But there is an important difference: When Japan rose as a world power, the other Asian civilizations, including the Chinese, Indian, and Korean, were in decline. Furthermore, by the 19th century, much of Asia, other than Japan and Taiwan, had been colonized by Europeans. There was no Asian power that could rein in Japan.

Today, China is rising when other important Asian countries are also rising, including South Korea, Vietnam, India, and Indonesia. Although China now has displaced Japan as the world’s second largest economy, Japan will remain a strong power for the foreseeable future, given its \$5 trillion economy, Asia’s largest naval fleet, high-tech industries, and a per-capita income still eight to nine times greater than China’s. When Japan emerged as a world power, its rise opened the path to imperial conquests. However, the expansionist impulses of a rising China are, to some extent, checkmated by the rise of other Asian powers. Militarily, China is in no position to grab the territories it covets. Indeed, there has not been a strong China, a strong Japan and a strong India at the same time in history before.

Still, with its unconcealed ambitions, expanding capabilities, and increasing assertiveness, China today is casting a growing shadow over Asia. As the U.S. National Intelligence Council’s 2008 report, *Global Trends 2025: A Transformed World*, predicted, China is “poised to have more impact on the world over the next 20 years than any other country.” With its defense spending having grown almost twice as fast as its GDP, China is now beginning to take the gloves off, confident that it has acquired the necessary

muscle. Its rising power is emboldening Beijing to pursue a more muscular foreign policy in southern Asia as well as in the region extending from the South China Sea to Northeast Asia.

This has been exemplified by several developments—from China’s inclusion of the South China Sea in its “core” national interests on a par with Taiwan and Tibet, (an action that makes its claims to the disputed Spratly Islands non-negotiable), to its bellicose reaction to the South Korean-U.S. joint anti-submarine exercises off the Korean Peninsula. In 2010, Chinese naval forces have conducted large-scale exercises first near Japan’s Ryukyu Islands chain, with a Chinese military helicopter even circling a Japanese escort ship, then in the East China Sea and the Yellow Sea. The official *PLA Daily* has reported several new significant military developments in Tibet in 2010, including the first-ever major parachute exercise to demonstrate a capability to rapidly insert troops on the world’s highest plateau and an exercise involving “third generation” fighter-jets carrying live ammunition. In addition, the railroad to Tibet, the world’s highest elevated railway, has now started being used as a supply line to enhance the mobilization capabilities of the People’s Liberation Army in the Himalayan border regions. According to this newspaper, the railroad has helped significantly strengthen transportation to supply “combat readiness materials for the Air Force of the Chinese People’s Liberation Army (PLAAF)” at the air bases and airstrips in Tibet.

Since 2006, China has publicly raked up the issue of Arunachal Pradesh, the northeastern Indian state that Beijing now calls “Southern Tibet” and claims largely as its own. Indian defense officials have reported a rising number of Chinese military incursions across the entire 4,057 kilometer Himalayan border in recent years. That the Tibet issue remains at the core of the India-China divide is being underlined by Beijing itself by laying claim to additional Indian territories on the basis of alleged Tibetan ecclesial or tutelary links to them, not any professed Han connection. Such attempts at incremental annexation have drawn encouragement from India’s self-injurious 2003 acceptance of Tibet as “part of the People’s Republic of China.”

China originally fashioned its claim to Arunachal Pradesh as a bargaining chip to compel India to recognize its occupation of the Aksai Chin

plateau, in the Ladakh region of the original princely state of Jammu and Kashmir. For this reason, China withdrew from the Arunachal Pradesh areas it invaded during the 32-day war with India in 1962 but retained its territorial gains in Aksai Chin, which provides the only passageway between its rebellious regions—Tibet and Xinjiang. Chinese leader Deng Xiaoping in 1979 even broached the exploratory idea of a package settlement: New Delhi accept the Chinese control over Aksai Chin and Beijing drop its claim on Arunachal, subject to “minor readjustments” along the line of control. The more recent resurrection of its claim to Arunachal Pradesh has coincided with Beijing eyeing that state’s rich water resources. In fact, Beijing has recently unveiled the plan to build a dam more than twice as large as the Three Gorges Dam near the Tibet-Arunachal border—the 38-gigawatt Motuo Dam.

China’s resource-driven resurrection of its long-dormant claim to Arunachal parallels the way it became covetous of the Japanese-controlled Senkaku Islands—which it calls Diaoyu Islands—only after the issue of developing petroleum resources on the continental shelf of the East China Sea came up in the latter half of the 1970s. China had expressed no objection to the status of the Senkaku Islands coming under the administration of the United States under Article III of the 1951 San Francisco Peace Treaty. Nor did it object when in 1969, the Okinawa Reversion Treaty was signed between the United States and Japan, under which Okinawa and the “southwestern islands,” including the Senkaku chain, were returned to Japan in 1972. In 1992, however, China listed the Senkaku/Diaoyu Islands in its “law for territorial waters” and declared its intent to use force to expel foreign ships entering any part of its territorial waters as defined in the promulgation. While the Senkaku/Diaoyu islands have become potent symbols of nationalism in China and Japan, Taiwan also has defined its territory through national legislation in a way to include the very same eight uninhabited islands, which it calls Tiaoyutai. These islands occupy an area of only seven square kilometers but their surrounding seas are believed to hold rich hydrocarbon reserves.

The military developments on the Sino-Indian front need to be seen in a larger context. China and India are very old civilizations but relatively new

neighbors. Throughout history, the interaction between China and India was minimal. China became India's neighbor only after occupying buffer Tibet. They may be close neighbors geographically but their societies could not be more different. India has more in common with Europe than with China.

Their war in 1962 did not settle matters because China's dramatic triumph only sowed the seeds of greater rivalry and India's own political rise. Today, Chinese muscle-flexing and cyberwar and space capabilities probably pose a bigger challenge for India than for any other Asian nation for several reasons. One, China is mounting both direct military pressure (as underscored by the abnormally high level of continuing cross-border incursions) and proxy threats against India, including by shoring by its longstanding strategic nexus with Pakistan. Two, the largest real estate China covets in Asia is in India. Arunachal is almost three times bigger than Taiwan, or more than twice as large as Switzerland. Three, India has no formal security alliance with any other power and thus must rely on its own defense capabilities. Lastly, by seeking to badger India on diplomatic, security, and multilateral fronts, China is signaling that its real, long-term contest is more with India than with the United States. The countries around India have become battlegrounds for China's moves to encircle India. By assiduously courting these countries as proxies in its geopolitical competition with India, China has managed to make deep inroads into India's strategic backyard—from Sri Lanka to Bangladesh, and Nepal to Burma. A group of Canadian researchers has spotlighted the growing cyber threat India confronts by disclosing how a China-based cyber spying ring systematically stole top Indian defense and security secrets for a number of months. Yet, the world knows more about China's moves in the South and East China Seas than its actions along the Himalayas.

Such has been the transformation of China that, while preserving Communist rule and Confucian culture, it has gone in one generation from all ideology and token materialism, to all materialism and token ideology. However, as history testifies, the rise of a new major power usually creates volatility in the international system, especially when the concerned power is not transparent about its strategic policies and military expenditure.

## Larger Ramifications of America's China Policy

There can be little doubt that the prime driver of the security dynamics in Asia in the coming years will be U.S.-China cooperation and competition—and the relationships with and influence over other Asian states that Washington and Beijing build. A key foreign-policy challenge for both Washington and Beijing is to stave off a potential strategic confrontation while staying friendly and mutually interdependent. But more than the direction of the China-U.S. relationship, it is the evolution of America's China policy that will shape Asia's security dynamics and the strategic choices of important Asian countries.

The fundamental U.S. strategic objective in Asia is unlikely to change in the foreseeable future. Indeed, the key U.S. interest in Asia remains what it has been since 1898 when America took the Philippines as spoils of the naval war with Spain—the maintenance of a balance of power. The security thrust of America's Asia policy also is unlikely to change. The United States has been, and will continue to be, the leading security player in Asia, building and maintaining strategic ties and arrangements with more Asian states than any other player.

This reality makes America's China policy pivotal to shaping the larger geopolitical landscape in Asia. Given that Asian security, to a large extent, will remain anchored in the defense alliances and arrangements that the United States has fashioned, the natural corollary is that the manner Washington deals with the rise of an assertive China will have a bearing both on the Asian security landscape and on the long-term viability of those alliances and arrangements. For the past century, or at least since the 1941 Pearl Harbor attack, the United States has clearly signaled that American security begins not off the coast of California but at the western rim of the Pacific Ocean and beyond. That may explain, even if partly, why the U.S. military fought in Korea and Vietnam; why it entered into the Australia, New Zealand, United States Security (ANZUS) Treaty; why U.S. security treaties with Japan and South Korea remain critical to American forward military deployment in the Asian theater; why it has a security commitment to Taiwan; and why it has forged new strategic relationships with several Southeast Asian countries and India.

In addition to its determination to stay Asia's security anchor, America's balance-of-power objective remains dominant in its Asia policy. During the first part of the Cold War, the United States chose to maintain the balance by forging security alliances with Japan and South Korea and also by keeping forward bases in Asia. By the time the Cold War entered the second phase, America's "ping-pong diplomacy" led to Richard Nixon's historic handshake with Mao Zedong in 1972 in an "opening" designed to reinforce the balance by employing a newly assertive, nuclear-armed China to countervail Soviet power in the Asia-Pacific region. Today, the United States would not want any single state to dominate the Asian continent or any region there. As part of its hedging strategy against China, the United States is reinforcing its existing military relationships and building new allies or partners, including roping in states that can serve as potential balancers in Asia. China too plays balance-of-power politics in Asia, but its balancing is primarily designed to keep peer rivals bottled up regionally.

Yet another important aspect of America's role in Asia is the long tradition of the China-friendly approach in U.S. policy that dates back to the 19th century. In 1905 for example, U.S. President Theodore Roosevelt, who hosted the Japan-Russia peace conference in Portsmouth, New Hampshire, argued for the return of Manchuria to China and for a balance of power to continue in East Asia. The Russo-Japanese War actually ended up making the United States an active participant in China's affairs. In more recent times, U.S. policy has aided the integration and then ascension of Communist China, which actually began as an international pariah state. Indeed, there has been a succession of China-friendly U.S. presidents in the past four decades—a significant period that has coincided with China first coming out of international isolation and then being on the path of ascension.

China's rise, in fact, owes a lot to an American decision post-1989. The fall of the Berlin Wall was not the only defining event of 1989. Another defining event in 1989 was the Tiananmen Square massacre of pro-democracy protestors in Beijing. But for the end of the Cold War, the United States and its allies would not have let China off the hook over those killings. The Cold War's end, however, facilitated America's pragmatic



approach to shun trade sanctions and help integrate China with global institutions through the liberalizing influence of foreign investment and trade. That the choice made was wise can be seen from the baneful impact of the opposite U.S. decision that was taken on Burma in the same period from the late 1980s—to pursue a penal approach centred on sanctions. Had the Burma-type approach been applied against China internationally, the result would have been and a potentially destabilizing China today.

Therefore, China's spectacular economic success—illustrated by its emergence with the world's biggest trade surplus and largest foreign-currency reserves—owes a lot to the U.S. decision not to sustain trade sanctions. The limited U.S. sanctions imposed after Tiananmen were allowed to peter out by 1992. Without the expansion in U.S.-Chinese trade and financial relations since then, China's growth would have been much harder.

The U.S.-China relationship, already underpinned by closely intertwined economic ties and four decades of political cooperation on a range of regional and global issues, is expected to acquire a wider and deeper base. From being allies of convenience in the second half of the Cold War, the United States and China have emerged as partners tied by interdependence. America depends on Chinese trade surpluses and savings to finance its supersized budget deficits, while Beijing relies on its huge exports to America both to sustain its economic growth and subsidize its military modernization. By plowing more than two-thirds of its mammoth foreign-currency reserves into U.S. dollar-denominated investments, Beijing has gained significant political leverage, even as the United States serves as the world's largest market for Chinese exports.

China thus is very different from the kind of adversary the United States has had in the past. U.S. commercial interests now are so closely intertwined with China's economy that Washington would not be able to fashion a containment strategy of the type it waged against the Soviet Union during the Cold War years. In fact, the mutually interdependent relationship with China suggests that the United States is unlikely to pursue overt competition or confrontation with Beijing. It speaks for itself that even on the democracy issue, the United States prefers to lecture some other dictatorships than the world's largest and oldest-surviving autocracy.

Yet, it is also true that the United States views with unease China's not-too-hidden aim to dominate Asia—an objective that runs counter to U.S. security and commercial interests and to the larger goal for a balance in power in Asia. To help avert such dominance, the United States has already started building potential countervailing influences, without making any attempt to contain China. At the same time, the United States shares important interests with China, including maintaining peace on the Korean peninsula, keeping oil supplies flowing from the Persian Gulf, propping up Pakistan, and seeking strategic stability in the Pacific. On issues of congruent interest, we can expect the United States to continue to work closely with China.

For the United States, China's rising power actually helps validate American forward military deployments in the Asian theater, keep existing allies in Asia and win new strategic partners. An increasingly assertive China indeed has proven a diplomatic boon for Washington in strengthening and expanding U.S. security arrangements in Asia. South Korea has tightened its military alliance with the United States; Japan has backed away from a move to get the United States to move its Marine airbase out of Okinawa; and India, Vietnam, Indonesia, and the Philippines, among others, have drawn closer to the United States. But the China factor can remain handy only as long as the United States is seen by its partners as a credible guarantor of stability and security, which is a function not of military strength but political will in Washington.

## How U.S. Policy will Influence Possible Asian Security Scenarios

How Asia's geopolitical landscape will evolve in, say, 25 years is not easy to foresee. But there are at least four possible security scenarios:

1. A Sino-centric Asia materializes, as desired by China. China seeks a multipolar world, but a unipolar Asia. By contrast, the United States desires a unipolar world, but a multipolar Asia.
2. The United States remains Asia's main security anchor.

3. The emergence of a constellation of Asian states with common interests working together to ensure a power equilibrium and an Asia that is not unipolar.
4. An Asia that is characterized by several resurgent powers challenging China's aspiration to lead Asia. These powers could include Japan, India, Vietnam, Indonesia, and a reunified Korea.

The policy choices the United States makes on China will very much influence possible Asian security scenarios. At a time when Asia is in transition, with the specter of power disequilibrium looming large, it has become imperative to invest in institutionalized cooperation and regional integration in order to help underpin long-term strategic power stability. After all, not only is Asia becoming the pivot of global geopolitical change, but Asian challenges are also playing into international strategic challenges. Yet, China's rapidly accumulating power and muscle-flexing threaten Asian stability like no other development.

In that light, will China be at the core of Washington's courtship, as the Obama administration indicated in its first year in office? The catchphrase coined by then-U.S. Deputy Secretary of State James Steinberg in 2009 in relation to China, "strategic reassurance," signaled an American intent to be more accommodative of China's ambitions—a message reinforced earlier by Secretary of State Hillary Clinton when she went out of her way to downgrade human rights in America's China policy during a February 2009 visit to Beijing. President Barack Obama, for his part, had declared that America's "most important bilateral relationship in the world" is with China. A very warm U.S. relationship with China will have as profound implications for Asia as a cold relationship. Neither a too cozy relationship nor a rocky, antagonistic relationship suits other Asian states. But if China's primacy (and accommodation) becomes a continuing feature of U.S. foreign policy, it will create tough security choices for other Asian powers.

Given China's increasingly assertive territorial and maritime claims, will Washington be willing to openly oppose attempts to forcibly change the status quo or be reluctant to take sides in the disputes between China and its neighbors? For example, in the case of the Japanese-controlled Senkaku

Islands—which China covets—no ambiguity should be allowed to creep into the U.S. position that the Treaty of Mutual Cooperation and Security between Japan and the United States applies to those islets. Otherwise the credibility of that treaty, in Japanese eyes, could be undermined.

Take another case: The rising China-India border tensions, reflected in the fact that there were 270 Chinese military incursions across the disputed Himalayan frontier and another 2,285 instances of “aggressive border patrolling” by the PLA in 2008. Although the Indian government has released no new figures since then, such a pattern of aggressive patrolling and intrusions, according to various accounts, has persisted to this day. In addition, in Pakistan-held Kashmir, PLA troops are currently engaged in building strategic projects in the northernmost Gilgit-Baltistan region bordering India and Xinjiang. Such activities reinforce the fact that China, which occupies one-fifth of the original state of Jammu and Kashmir, is an important third party in the Kashmir dispute. Moreover, the presence of Chinese troops in Pakistani part of Kashmir, even if in the form of construction battalions, means there are Chinese troops on both flanks (east and west) of Indian Kashmir. The Sino-Pakistan nexus, extending beyond the increasing Chinese footprint in Pakistani Kashmir, presents India with a two-front theater in the event of a war with either country.

As before the 1962 Chinese invasion of India, the China-India-U.S. triangle today is at the center of the Himalayan tensions, with India’s growing strategic ties with America emboldening Beijing to up the ante against New Delhi and to aggressively resurrect its claim to Arunachal Pradesh state. One would have expected Washington to caution Beijing against crossing well-defined red lines or going against the self-touted gospel of its “peaceful rise.”

Yet Washington has chosen to chart a course of tacit neutrality on the Arunachal issue. The United States has sold India weapons worth more than US \$5 billion in the past two years alone, but signaled that its relationship with New Delhi will not be at the expense of its fast-growing ties with Beijing. Washington thus has chosen to abandon elements in its ties with New Delhi that could rile China, including a joint military drill in Arunachal Pradesh and another 2007-style naval exercise involving the United States,

India, Australia, Japan, and Singapore. Even further trilateral U.S. naval maneuvers with India and Japan are now on hold so as not to raise China's hackles. The United States, however, should actively be partnering India to deny China a substantial presence in the Indian Ocean region. A strategic partnership must have more content than the mere sale of arms. In fact, for the first time, building a stronger cooperative relationship with China is taking precedence in U.S. policy over the sale of advanced, especially offensive, weaponry to Asian allies.

When Chinese actions pose a challenge to U.S. interests in Asia, Washington, however, has been willing to send out a clear message, such as China's move to enforce its claim to almost the entire South China Sea as its "historical waters." That move goes beyond China's territorial and maritime ambitions by colliding with U.S. interests, including the traditional emphasis on freedom of navigation. It appears to be part of China's "access denial" strategy aimed at keeping the U.S. Navy from operating freely in the South China Sea. Washington also has rebuffed Chinese demands that the United States halt further military exercises in the Yellow Sea, which Beijing virtually claims as its exclusive military-operation zone.

It is important for the United States to lay down markers when China's actions not only infringe on U.S. interests, but also seek to disturb the territorial status quo in any Asian region because that runs counter to U.S. interests. Respect for boundaries is a prerequisite to peace and stability in any continent. Europe has built its peace on that principle, with European states learning to live with boundaries they do not like. Efforts at the redrawing of territorial and maritime frontiers, as China is still seeking to do, are an invitation to endemic conflicts in Asia. Through its overt refusal to accept the territorial status quo, Beijing only highlights the futility of political negotiations. After all, a major redrawing of frontiers has never happened at the negotiating table in world history. Such redrawing can only be achieved on the battlefield, as China has done in the past.

Another question with a bearing on future Asian security scenarios is whether U.S. policy toward Japan will change with the changed geopolitical circumstances in East Asia. Without carrying out a single amendment, Japan has lived under a U.S.-imposed Constitution for more than six decades—a

period during which the Indian Constitution has been amended 114 times. Japan is the only democracy in East Asia that can balance the power of rising China in the region. While China will clearly prefer a Japan that remains dependent on America for its security than a Japan that can play a more independent role, the post-1945 system erected by the United States is more suited to keep Japan as an American protectorate than to allow Japan to aid the central U.S.-policy objective in the Asia Pacific: A stable balance of power. A U.S. policy approach that subtly encourages Tokyo to cut its overdependence on America and do more for its own defense can assist Japan in shaping a new strategic future for itself that directly contributes to Asian power equilibrium.

Yet another issue is U.S. policy on Tibet. Even though the United States stopped doing anything for Tibet long ago, with the issue of Tibet now coming up only in relation to a presidential meeting with the Dalai Lama, the future of Tibet has become an issue that extends beyond China's internal security to the ecological interests of much of Asia. The Tibetan plateau is a barometer of climatic conditions in southern, southeastern, and central Asia, as well as in mainland China. And the degradation of its natural ecosystems, as well as the accelerated thawing of its glaciers, watershed deterioration and soil erosion, hold important implications for Asian nations that depend on rivers flowing in from the Tibetan plateau. The plateau is the source of most of Asia's great rivers. As water woes have aggravated in its northern plains owing to environmentally unsustainable intensive farming, China has increasingly turned its attention to the bounteous water reserves in Tibet, which it has cartographically dismembered. It is pursuing massive inter-basin and inter-river water transfer projects. These projects on international rivers carry seeds of interstate conflict.

In fact, the Department of State last year wisely upgraded water as "a central U.S. foreign-policy concern." And it seems interested in playing a constructive role in the water issues between China and its neighbors, including India and the countries of Indochina Peninsula. But on human rights in Tibet, the United States now pursues a "don't ask, don't tell" approach toward Beijing. When President Obama finally met with the Dalai Lama, it was a low-key meeting, with no joint public appearance or photo

opportunity before reporters. The White House bent backwards to explain that it was a private meeting, not an official meeting, and that it took place in the Map Room, where presidents stage private meetings, and not in the Oval Office.

Two questions arise in this context. If the United States is to remain cagey about Tibet and the Dalai Lama, what example will it set for India, the country left carrying the can on Tibet? India is the host of the Dalai Lama and the seat of his government-in-exile. Also, if downplaying human rights becomes an enduring feature of U.S. policy on China—which executes more people every year than the rest of the world combined—how acceptable will it be to beat up the small kids on the Asian bloc, the Burmas and the Kyrgyzstans, over their human-rights record? Nepal, after years of adhering to an UN-brokered agreement to allow Tibetan refugees safe passage to India, has since 2010—under Beijing’s pressure—started arresting escapees from Tibet and handing them over to Chinese authorities. A more consistent U.S. human-rights policy will be able to stand up in defense of such hapless Tibetans.

## Concluding Observations

Of the four possible Asian security scenarios outlined in this essay, the least unlikely scenario is the first one—the emergence of a Sino-centric Asia. China’s neighbors increasingly are uneasy about its growing power and assertiveness. While Beijing aspires to shape a Sino-centric Asia, its actions hardly make it a credible candidate for Asian leadership.

Brute power cannot buy leadership. After all, leadership can come not from untrammelled power, but from other states’ consent or tacit acceptance. As one analyst has pointed out, if leadership could be built on brute force, schoolyard bullies would be class presidents. In any event, China’s power may be vast and rapidly growing, yet it lacks the power of compellence. In other words, China does not have the capability to militarily rout or compel any rival, let alone enforce its will on Asia. As China seeks to translate its economic clout into major geopolitical advantage in Asia, a nation that once boasted of “having friends everywhere” finds that its accumulating power might inspire awe, but its actions are spurring new concerns and fears. Which states will accept China as Asia’s leader? Six decades of ruthless

repression has failed to win China acceptance even in Tibet and Xinjiang, as the Tibetan and Uighur revolts of 2008 and 2009 attested.

Leadership involves much more than the possession of enormous economic and military power. It demands the power of ideas that can galvanize others. Such power also serves as the moral veneer to the assertiveness often involved in the pursuit of any particular cause. The Cold War, for example, was won by the United States not so much by military means as by spreading the ideas of political freedom and market capitalism to other regions that, in the words of Stanley A. Weiss, “helped suck the lifeblood out of communism’s global appeal,” making it incapable of meeting the widespread yearning for a better and more-open life. China has shown itself good at assertive promotion of national interests and in playing classical balance-of-power geopolitics. But to assume the mantle of leadership in Asia in place of the United States, it must do more than just pursue its own interests or contain potential peer rivals. More fundamentally, what does China represent in terms of values and ideas? Also, while pursuing its own interests, will it be willing to also take care of the interests of others?

Actually, China is unwittingly reinforcing America’s role in Asia as the implicit guarantor of security and stability. The overly assertive policies and actions of a next-door rising power make Asian states look to a distant protector. More significantly, it is difficult to conceive of a situation where another great power, or a combination of powers, could displace the United States as Asia’s main security anchor. In terms of naval forces and other power-projection force capabilities, or in terms of the range of overseas military bases and security allies and partners, no power or combination of powers will likely match the United States in the next quarter of a century. Asia is the world’s largest continent, but the United States has military bases extending from Okinawa to Bahrain that can cover every part of Asia.

While America’s continued central role in Asia is safe, the long-term viability of its security arrangements boils down to one word: Credibility. The credibility of America’s security assurances to allies and partners, and its readiness to stand by them when it comes to the crunch, will determine the long-term strength and size of its security-alliance system in Asia. The future direction of America’s China policy is far from clear. But to diminish



risks of Asian strategic instability, Washington needs to leave Beijing in no doubt—as it correctly did at the ASEAN Regional Forum meeting in Hanoi in July 2010—that the United States has the will and wherewithal to defend its partners and interests in Asia against all destabilizing threats and challenges.

The third and fourth scenarios can unfold even if the United States remains the principal security anchor for Asia. A number of Asian countries have already started building mutually beneficial security cooperation on a bilateral basis, thereby laying the groundwork for a potential web of interlocking strategic partnerships. A constellation of Asian states linked by strategic cooperation has become critical to help institute strategic power stability.

China's trajectory will depend on how its neighbours and distant countries like the United States manage its growing power. Such management—independently and in partnership—will determine if Chinese power does not slide into arrogance. If China, India, and Japan constitute a strategic triangle in Asia—a *scalene triangle* with three unequal sides—with China representing the longest side, side A; India, side B; and Japan, side C; the sum of B+C will always be greater than A. Not surprisingly, the fastest-growing relationship in Asia today is probably between Japan and India. If this strategic triangle is turned into a strategic quadrangle with the addition of Russia, it will create the ultimate strategic nightmare for China that will box in that country from virtually all sides. Japan plus Russia plus India, with the United States lending a helpful hand, will extinguish not only any prospects of a Sino-centric Asia, but would amount to a strategic squeeze of China.

In keeping with Asia's growing role in world affairs, Asian states need to pursue policies that break free from history and are pragmatic, growth-oriented and forward-looking. At a time when various strategies are being contemplated, including the concurrent pursuit of hedging, balancing, and bandwagoning, the imperative for building Asian power equilibrium cannot be minimized. China's lengthening shadow has only reinforced the necessity to find ways to stabilize major-power relationships in Asia and promote

cooperative approaches to help tackle festering security, energy, territorial, and historical issues. Rather than be the scene of a new cold war, Asia can chart a stable future for itself through shared security and prosperity.

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