

## CHINA'S GROWING ASSERTIVENESS IN THE SOUTH CHINA AND EAST CHINA SEAS: REACTIONS OF THE U.S. AND OTHER REGIONAL PLAYERS

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### Abstract

The article looks at the increasing assertiveness of China in its coastal areas and examines the response of the U.S. and other regional actors. The article analyzes the major causes of the tensions arising in South China and East China Sea and provides an outlook into the future. It argues that China's rise and the consequential hedging against its growing power by other regional actors and related disputes over territory have a potential of complicating the future security in Asia. It concludes that the U.S. must continue to play a key role as a guarantee of the regional order in Southeast Asia.

**Keywords:** US, China, Vietnam, Taiwan, South China Sea, East China Sea, Japan, Philippines, Thailand, South Korea, Indonesia, ASEAN, UNCLOS, territorial disputes, EEZ, arms races, hedging

*In the end, whatever the challenges, U.S. core interests require that it remains the superior power on the Pacific. To give up this position would diminish America's role throughout the world.*

Lee Kuan Yew, former prime minister of Singapore.<sup>1</sup>

*The great power that controls the South China Sea will dominate both archipelagic and peninsular Southeast Asia and play a decisive role in the future of the western Pacific and Indian Ocean – together with their strategic sea lanes to and from the oil fields of the Middle East.*  
Former national security advisor to the Philippine government Jose Almonte.<sup>2</sup>

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<sup>1</sup> Quoted by Christian Caryl, "Panda-Hugger Hungover," *Foreign Policy*, August 4, 2010, [http://www.foreignpolicy.com/articles/2010/08/04/panda\\_hugger\\_hangover](http://www.foreignpolicy.com/articles/2010/08/04/panda_hugger_hangover).

<sup>2</sup> See Brad Glosserman, "Cooling South China Sea Competition," *PacNet*, No. 22A (June 1, 2001).

## Introduction

The region along the southern and eastern coast of China has been gaining a more prominent place in the U.S. foreign policy. It is the focal point of several phenomena that the U.S. perceives as a challenge to its influence and interests in the region. The rise of China contests the stability of the international order the U.S. helped to build in the second half of the twentieth century. China's gradual transformation into a dominant regional power raises many questions about Beijing's intentions and future use of its newly obtained status. China's rise is causing a shift of the regional balance of power and may in consequence put a question mark over the continued U.S. presence in Asia-Pacific. It also impacts the interests and policies of individual South East and East Asian nations, which in effect reassess their roles in the region. Economic success of many of the nations in China's neighborhood has been translated into a particularly notable phenomenon – an increase in military spending in response to the changing security environment and growing uncertainty about the future developments. Rising military expenditures by individual countries in the region have added to the growing volatility in the region.

In response to China's growing regional influence, President Obama's first steps in Sino-American relations indicated that his administration was going to favor cooperative engagement. China was viewed as a fundamental component of Obama's vision for the U.S. foreign policy where Beijing and Washington would work in concert to achieve common interests – the most prominent being an improvement in the quality of international governance. Obama's approach was based on the belief that treating China as an equal partner would satisfy the Chinese leaders and would in consequence facilitate Beijing's more active involvement in global affairs and encourage its cooperation on issues such as North Korea. However, so far, China has not reacted as favorably as Obama had probably expected. On numerous occasions, Beijing has been resistant, non-cooperative and assertive in many areas of U.S. interest. China's rather independent streak signals that it refuses to take up the role of a "responsible stakeholder"<sup>3</sup> in the U.S.-led international order.<sup>4</sup>

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<sup>3</sup> Expression coined by Robert B. Zoellick, "Whither China: From Membership to Responsibility," Remarks to the National Committee on U.S. China Relations. *NBR Analysis* 16, No. 4 (December 2005), <http://www.nbr.org/publications/analysis/pdf/vol16no4.pdf>.

<sup>4</sup> For more on the shift of Obama's approach towards China, see e.g. "America and China: By Fits and Starts," *The Economist*, February 4, 2010, <http://www.economist.com/node/15452683>; Mark Landler, "China Jittery About Obama Amid Signs of Harder Line," *New York Times*, January 23, 2009, <http://www.nytimes.com/2009/01/24/washington/24diplo.html>.

Chinese foreign policy of non-interference makes it very clear that China does not want to be the stabilizer or “policeman” that the West would want her to be. Recently, China’s independent and more assertive behavior may also be attributed to the impact of the global financial crisis. Perceiving the U.S. as weakened by the economic fallout, China, which has successfully maintained economic growth during the crisis and took over Japan as the number two world economy, may now feel empowered on international issues. On the other hand, China’s behavior must also be seen through the prism of its long-term effort to secure its own sphere of influence via reducing or obstructing the leverage of the U.S. in the region.

After investing his political capital into efforts to establish cooperative relationship with Beijing, which has not materialized, Obama administration was forced to change tactic. While still seeking ways to engage China, by the beginning of 2010, following a spat over arms sales to Taiwan, the U.S. shifted diplomatic focus on deepening ties with other nations in China’s neighborhood. The administration adopted less compromising approach towards Beijing and did not shy away from policies and positions advancing U.S. interests despite upsetting the Chinese leaders,<sup>5</sup> such as expressing an unwavering support for South Korean government after the Cheonan sinking by North Korean military.

### **China’s Peaceful Rise or China Threat?**

The term “peaceful rise” was coined by Zheng Bijian, chairman of the China Reform Forum, in response to concerns over the direction of People’s Republic of China’s (PRC) economic and political transformation. In his 2005 *Foreign Affairs* article, Zheng Bijian emphasized that Beijing remains committed to a “peaceful rise”: “China does not seek hegemony or predominance in world affairs. It advocates a new international political and economic order, one that can be achieved through incremental reforms and the democratization of international relations. China’s development depends on world peace – a peace that its development will in turn reinforce.”<sup>6</sup> In other words, Zheng Bijian outlined that the PRC’s foreign policy would aim at promoting China’s interest without using force (unless it is absolutely necessary). However, in the West, Mr. Zheng’s policy pronouncement inspired (false) hope that China was moving toward being a ‘responsible stakeholder’, which will use its power to strengthen the existing international order.

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<sup>5</sup> Thomas Wright, “How China Gambit Backfired,” *The Diplomat*, July 28, 2010, <http://the-diplomat.com/2010/07/28/how-china-gambit-backfired/>.

<sup>6</sup> Bijian Zheng, “China’s ‘Peaceful Rise’ to Great-Power Status,” *Foreign Affairs* 84, No. 5 (September/October 2005): 24.

Table 1: Increase in the PRC's Military Budget from 2000–2010

Budget Year	Official Budget in RMB	Official Budget in USD	Increase over the year (%)
2000	121.3	14.6	12.6
2001	141.0	17.0	17.7
2002	166.0	20.0	17.6
2003	185.3	22.4	9.6
2004	206.5	25.0	11.6
2005	247.7	29.9	12.6
2006	280.0	35.3	15.0
2007	350.92	45.0	17.8
2008	417.8	57.2	17.6
2009	480.7	70.3	14.9
2010	532.1	77.9	7.5

Source: China's Defense Budget, <http://www.globalsecurity.org/military/world/china/budget.htm>.

However, there were at the same time many Washington policy-makers and China watchers, especially from military circles, who voiced doubts over China's "peaceful rise" and China's contribution to upholding the liberal international order. They pointed out that Beijing and Washington do not share the same view on how the international system should operate – in their opinion, these differences will ultimately increase tensions.<sup>7</sup> China's military modernization in particular raises questions over Beijing's long-term goals and intentions.<sup>8</sup> In the eyes of many critics, China's "peaceful rise" rather amounts to China's threat. Prof. Stephen Walt of Harvard University points out: "Assuming China continues to grow economically, it will also increase its military power and thus its capacity to threaten certain U.S. interests."<sup>9</sup> In his January 2010 hearing before the U.S. House Armed Services Committee, Admiral Willard warned that China's "new military capabilities appear designed to challenge U.S. freedom of action in the region and, if necessary, enforce China's influence over its neighbors – including our regional allies and

<sup>7</sup> See e.g. Annual Report to Congress on the Military Power of the Republic of China, published annually by the U.S. Department of Defense.

<sup>8</sup> See Table 1 that indicates the growing spending on the People's Liberation Army. In the past ten years, the PRC's military budget grew by more than 10 percent annually (with the exception of 2010).

<sup>9</sup> Stephen M. Walt, "How Long Can Beijing and Washington Handle Their Relationship?" *Foreign Policy*, September 15, 2010, [http://walt.foreignpolicy.com/posts/2010/09/15/how\\_long\\_can\\_beijing\\_and\\_washington\\_handle\\_their\\_relationship](http://walt.foreignpolicy.com/posts/2010/09/15/how_long_can_beijing_and_washington_handle_their_relationship).

partners.”<sup>10</sup> There are also serious concerns that China’s increasing military power has been spurring regional arms race.<sup>11</sup>

The 2010 *Annual Report to Congress on the Military and Security Developments Involving the People’s Republic of China*<sup>12</sup> highlights several important areas of concern to the U.S.:

1. The modernization of the People’s Liberation Army (PLA) goes beyond China’s immediate territorial waters: China is making progress in strengthening its *power-projection capabilities*. The *Report* emphasizes that while the military build-up is primarily intended to deter Taiwan from pursuing independence, it also increases the PLA’s ability to “deter, delay, or deny any possible U.S. support for the Island of conflict.”<sup>13</sup> As if to confirm the *Report’s* concerns, Chinese officials stated that in the near future, they intended to deploy their own aircraft carrier(s), which will increase China’s power-projection ability.<sup>14</sup>
2. Improvement of *anti-access/area denial capability* as well as increasing strike range of PRC’s missiles continues to undermine U.S. ability to sustain its commitments to its partners in the region. In this respect, experts raise particular concern over China’s anti-ship ballistic missiles, which China made operational in 2010. These missiles, against which the U.S. Navy has no defense, would substantially extend China’s firepower, as it is estimated that the missile could strike targets within a range of 1,000 miles. In the future, they could target and effectively damage or even destroy aircraft carriers.<sup>15</sup>
3. *Transformation of cross-Strait balance*: While most analysts agree that China’s military force remains inferior to the U.S. military for the time being, there are concerns that the PLA’s capability to inflict increasing damage and casualties in case of conflict may erode the U.S. commitment to allies and particularly to the defense of Taiwan. Recent RAND study pointed out that China’s grow-

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<sup>10</sup> Statement of Admiral Robert F. Willard, the United States Navy Commander, U.S. Pacific Command, Before the House Armed Services Committee on Recent Security Developments Involving China, January 13, 2010.

<sup>11</sup> See e.g. Yoichi Kato, “U.S. Commander Blasts Chinese Navy’s Behavior,” *Asahi Shimbun*, June 15, 2010, <http://www.asahi.com/english/TKY201006140534.html>; “India is World’s Largest Importer of Arms, Says Study,” *BBC News*, March 14, 2011, <http://www.bbc.co.uk/news/world-south-asia-12729363>.

<sup>12</sup> *Annual Report to Congress on the Military and Security Developments Involving the People’s Republic of China* (A Report to Congress Pursuant to the National Defense Authorization Act for Fiscal Year 2010), Department of Defense, 2010.

<sup>13</sup> *Ibid.*

<sup>14</sup> “China Rebuilds Aircraft Carrier Body for Research, Training,” *CCTV News*, July 27, 2011, <http://english.cntv.cn/program/newsupdate/20110727/116731.shtml>.

<sup>15</sup> Kathrin Hille, “Chinese Missile Shifts Power in Pacific,” *Financial Times*, December 28, 2010, <http://www.ft.com/cms/s/0/3e69c85a-1264-11e0-b4c8-00144feabd0c.html#axzz1BwCvWUR>.

ing military capabilities, combined with “geographic asymmetry – Taiwan lies close to China and very far from the United States – [...] and the lack of basing options for U.S. forces in the vicinity of the strait, call into question Washington’s ability to credibly serve as guarantor of Taiwan’s security in the future.”<sup>16</sup>

4. There has been *slow progress on China’s military transparency*. In this respect, the *Report* points out that besides Taiwan Strait Contingency, it is still not quite clear what is the purpose and goal of PLA’s modernization.<sup>17</sup>
5. For the first time, separate chapter of the *Report* is devoted to *military-to-military ties*, which are perceived as a crucial element of mutual confidence-building measures. However, the U.S. laments China’s recurring willingness to suspend military contacts as an expression of its dissatisfaction with Washington’s policies. Last time the Chinese suspended the military relations followed after Obama administration approved of arms sales to Taiwan worth \$6.7 billion in January and after President Obama met with the Dalai Lama in February 2010.<sup>18</sup>

So far, *the Report* concludes that overall, despite its speedy progress, China’s military still can’t match the US forces in many aspects. With respect to projection of power, China’s power is at best limited to coastal waters. Despite the efforts to enhance anti-access/area-denial capacities, these still remain limited: “It is unlikely [...] that China will be able to project and sustain large forces in high-intensity combat operations far from China until well into the following decade.”<sup>19</sup> Additionally, China has been so far dependent on foreign arms sales and is only gradually developing its own domestically-produced military capabilities, while facing many technological obstacles.<sup>20</sup> Most importantly, China’s rise, particularly in military terms, has not caused a major transformation of the security order in East Asia.

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<sup>16</sup> David A. Shlapak et al., *A Question of Balance. Political Context and Military Aspects of the China-Taiwan Dispute* (RAND Corporation, 2009), 19.

<sup>17</sup> *Annual Report to Congress on the Military and Security Developments Involving the People’s Republic of China* (A Report to Congress Pursuant to the National Defense Authorization Act for Fiscal Year 2010), Department of Defense, 2010.

<sup>18</sup> The military-to-military contacts were renewed in October 2010. See Craig Whitlock, “Gates Meeting Marks Step in Warming Frosty Military Relationship with China,” *Washington Post*, October 11, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/10/11/AR2010101102507.html>.

<sup>19</sup> *Annual Report to Congress on the Military and Security Developments Involving the People’s Republic of China* (A Report to Congress Pursuant to the National Defense Authorization Act for Fiscal Year 2010), Department of Defense, 2010.

<sup>20</sup> However, this situation may change in the near future, as China’s domestic capabilities to produce high-quality weapons that may challenge U.S. superiority. See e.g. “An End to America’s Air Invincibility? China’s New Stealth Fighter Jet Likely to Reshape U.S. Military Strategy in Asia,” *Newsweek*, January 18, 2011, <http://www.newsweek.com/2011/01/18/an-end-to-america-s-air-invincibility.html#>.

Major alliances remain unchanged; the U.S. is still the partner of choice to counterbalance PRC's growing (military) power. In fact, some segments of the security cooperation with these countries have become even more relevant – especially after recent tensions in the South China Sea and East China Sea.

## **China's Claims over South China Sea**

Although Washington's attention to China's rise has in the past often focused on the unresolved issue of Taiwan, the volatility of the Taiwan Strait issue has recently been reduced due to the rapprochement between Beijing and Taipei. What recently begins to stand out as a more important issue are China's increasing power-projection capabilities and more assertive behavior in Southeast and East Asia, particularly in the South China Sea and East China Sea.

The potential for a conflict in China's neighboring seas is linked primarily to numerous sea border disputes over potential energy-rich maritime areas, which are not clearly demarcated.<sup>21</sup> While China's increasing demand for energy resources looms large in these disputes, stakes are also high for other countries in the region, such as Japan or the Philippines, which themselves are dependent on imported sources of energy. The area of South China and East China Sea also bears strategic importance as it serves as an important link between the Middle East and Northeast Asia (and Western Pacific). The sea lanes of communications running through the East China Sea and South China Sea are among the busiest in the world. Increased tension or armed conflict within the area would thus seriously disrupt global trade.

In the light of the above-mentioned arguments, the areas of South China and East China Seas play an important role in the U.S. strategic thinking, as they are closely linked to securing U.S. national interest – to keep open the sea lanes of communication, facilitate economic exchange and growth, and most importantly, to maintain the regional balance of power, sustain the prominent role of the U.S. as the guarantor of regional security in Asia and honor the U.S. commitments to the allies in the region.

The year 2010 has witnessed a number of cases, when China projected its power in Southeast Asia. The PRC continues its territorial disputes with East and Southeast Asian nations, including a dispute with Japan (and Taiwan) over Senkaku/Diaoyutai in East China Sea, with Vietnam over the delimitation of the Gulf

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<sup>21</sup> Suisheng Zhao, "China's Global Search for Energy Security: Cooperation and Competition in Asia Pacific," *Journal of Contemporary China* 17, 55 (May 2008), 220.

Table 2: South China Sea Territorial Disputes

Country	Claims by Country			
	South China Sea	Spratly Islands	Paracel Islands	Gulf of Thailand
Brunei	Within UNCLOS**	no formal claim	no	n/a
Cambodia	not applicable (n/a)	n/a	n/a	Within UNCLOS
China	all	all	all	n/a
Indonesia	Within UNCLOS	no	no	n/a
Malaysia	Within UNCLOS	3 islands	no	Within UNCLOS
Philippines	significant portions	8 islands	no	n/a
Taiwan	all*	all	all	n/a
Thailand	n/a	n/a	n/a	Within UNCLOS
Vietnam	all*	all	all	Within UNCLOS

\*\*UNCLOS – United Nations Convention on the Law of the Sea

Source: South China Sea Territorial Issues, U.S. Energy Information Administration, [http://www.eia.doe.gov/cabs/South\\_China\\_Sea/SouthChinaSeaTerritorialIssues.html](http://www.eia.doe.gov/cabs/South_China_Sea/SouthChinaSeaTerritorialIssues.html).

of Tonkin, with Vietnam over the Spratly/Nansha Islands and with Vietnam, Taiwan, Malaysia, Brunei and the Philippines over Paracel Islands (or the Xisha and Zhongsha) in the South China Sea.

The PLA's Navy (PLAN) has stipulated more assertive approach to the South China and East China Seas, often intimidating Japanese, Vietnamese, Indonesian or even American vessels.<sup>22</sup> PLA's Navy has been regularly harassing fishing boats of other countries, while Beijing unilaterally issues bans for fishing activities in the disputed waters. Meanwhile, China has been carrying out explorations in areas that are deemed by others as outside China's exclusive economic zone (EEZ).<sup>23</sup>

The territorial disputes in the South China Sea have a long history. Beijing and Hanoi engaged in several bloody exchanges over the Paracels and Spratlys – in 1974, the PRC seized the Western Paracels from Vietnam. In 1995, Beijing took over the Mischief Reef from the Philippines. In 2004, China strongly objected to Vietnam's decision that national oil company *PetroVietnam* would start international bidding for exploration and drilling in areas that Hanoi claimed to control. Beijing interfered, claiming that Vietnam was violating China's territorial sovereignty.

<sup>22</sup> The most significant being the harassment of the USS *Impeccable* by the Chinese in South China Sea in March 2009. See e.g. Ann Scott Tyson, "China Draws U.S. Protest Over Shadowing of Ships," *Washington Post*, March 10, 2009, <http://www.washingtonpost.com/wp-dyn/content/article/2009/03/09/AR2009030900956.html>.

<sup>23</sup> Exclusive economic zone is an area beyond and adjacent to the territorial sea, usually extending up to 200 naval miles away from the coast. See UN Convention on the Law of the Sea.



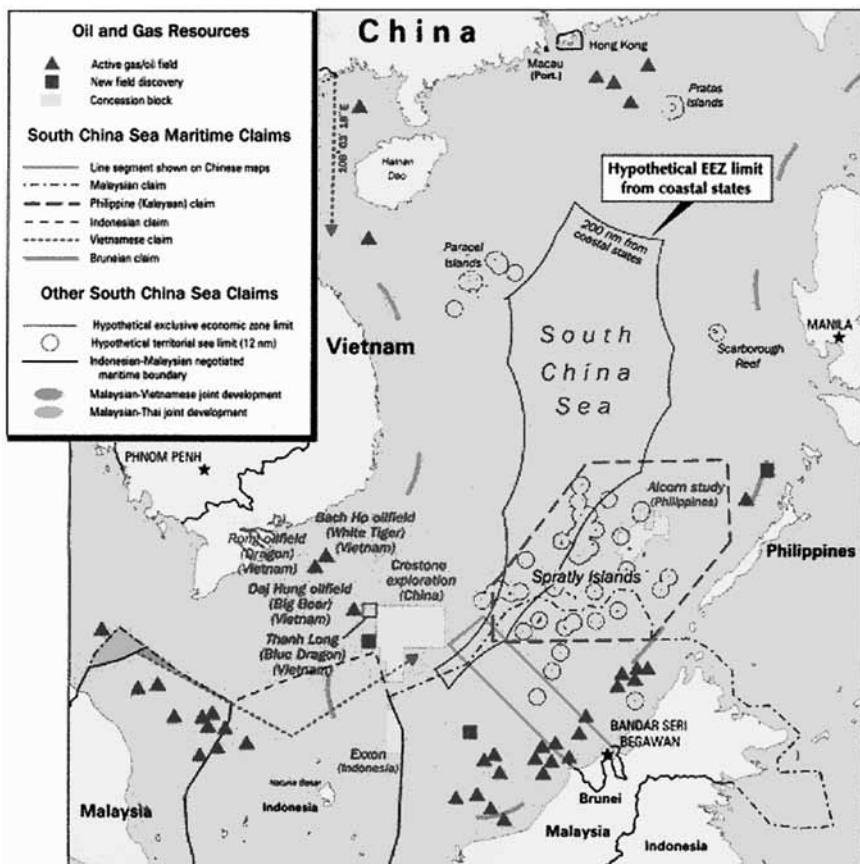


Figure 1: Map showing rival claims in the South China Sea

Source: Global Security, <http://www.globalsecurity.org/military/world/war/images/schinasea.gif>

In March 2010, during their Beijing visit, two senior Obama administration officials, Jeffrey A. Bader and James B. Steinberg, were informed by Chinese officials that China would not tolerate any interference in the South China Sea, which was now, in their own words, part of China's "core interest" of sovereignty.<sup>24</sup> Beijing

<sup>24</sup> Edward Wong, "Chinese Military Seeks to Extend Its Naval Power," *New York Times*, April 23, 2010, <http://www.nytimes.com/2010/04/24/world/asia/24navy.html>. China thus claims ownership of territory of almost 3.5 million km<sup>2</sup>.

thus elevated the importance of South China Sea on a par with Taiwan and Tibet, signaling it will be defended at any cost. Chinese interest was backed by a series of stealth missions by a small manned submarine, which descended three kilometers below the sea level and planted a national flag on the South China seabed.<sup>25</sup> Beijing thus not only demonstrated its technological readiness to explore the resources at the ocean floor, but implicitly also its claim over the South China Sea territory.

At the same time, China has been implementing a new ambitious strategy called “far sea defense.” The most tangible manifestation of this strategy can be seen in the island of Hainan, where the PLA has just recently completed construction of a major submarine base at Yalong Bay, which can house both nuclear and non-nuclear submarines. The *Sanya* base is perceived as a crucial element to China’s power-projection ambitions, as its location allows the Chinese nuclear submarines easy access to South China Sea and the Strait of Malacca.<sup>26</sup>

There are broader strategic considerations behind China’s moves. For China, South China Sea represents a hub for most of the crucial sea lanes of communication (SLOCs), through which the PRC transports about 80 % of its oil imports.<sup>27</sup> Obviously, Beijing is seeking strategic posts for better protection of its sea lanes of communication. At the same time, South China Sea is believed to be an abundant source of energy resources, such as natural gas.<sup>28</sup> The PRC, with its dependency on Middle East oil and ever-increasing demand for energy, does not mind flexing its muscle to secure access to these resource-rich areas.<sup>29</sup>

Many of the disputed islands in the South China Sea are often in fact just small uninhabitable rocks. It is highly improbable that they could be used as military outposts and their importance lies solely in the strategic value. The chase after energy<sup>30</sup> and other resources (such as fish) explains China’s assertiveness in

<sup>25</sup> William J. Broad, “China Explores a Frontier 2 Miles Deep,” *New York Times*, September 11, 2010, <http://www.nytimes.com/2010/09/12/science/12deepsea.html>. Obviously, from the legal perspective, planting one’s flag anywhere does not constitute any valid claim to that territory, it however has significant psychological impact.

<sup>26</sup> Richard D. Fisher Jr., “China’s Naval Secret,” *Wall Street Journal*, May 5, 2008.

<sup>27</sup> Dan Blumenthal, Joseph Lin, “Oil Obsession,” *Armed Forces Journal*, June 2006, <http://www.armedforcesjournal.com/2006/06/1813592>.

<sup>28</sup> For more information about the resources, see Briefs by the U.S. Energy Information Agency. For South China Sea at <http://www.eia.doe.gov/countries/regions-topics.cfm?fips=SCS>, for East China Sea <http://www.eia.gov/countries/regions-topics.cfm?fips=ECS>.

<sup>29</sup> A Chinese estimate suggests potential oil resources as high as 213 billion barrels of oil. Estimate by the U.S. Geological Survey puts the oil resources of the South China Sea at 28 billion barrel. See South China Sea: Oil & Gas (Fact Sheet), *U.S. Energy Information Administration*, [http://www.eia.doe.gov/cabs/South\\_China\\_Sea/OilNaturalGas.html](http://www.eia.doe.gov/cabs/South_China_Sea/OilNaturalGas.html).

<sup>30</sup> China’s dependency on imported oil is growing. In 2008, 50% of oil consumption was imported. By 2015, China will have to import two thirds of its oil consumption and in 2030, four fifths. See

disputes over border demarcation. The 1982 Convention on the Law of the Sea (UNCLOS) gave each maritime country special rights over exploration and the use of resources within the EEZ area. However, China's EEZ overlaps with other countries' EEZs, often causing flares of tensions when e.g. Chinese vessels conduct exploration in area, which is deemed as EEZ by both China and Japan. Command over small islets would thus boost China's claim of control over the adjacent territory, which could be declared the PRC's EEZ.<sup>31</sup>

The U.S. approach complicates these matters even more. The U.S. signed the 1982 Convention on the Law of the Sea, but the U.S. Senate has yet to ratify it.<sup>32</sup> The U.S. Navy expressed respect for the UNCLOS provision; tensions however arise over Washington's and Beijing's interpretations. The U.S. insists that activities, such as naval and air patrols, mapping of the sea bed of the EEZ, are legitimate, as long as they are carried out outside of China's territorial waters, which the U.S. defines (on the basis of UNCLOS) as waters extending up to 12 nautical miles from the shore. According to China, no such activities as military patrols may be carried out in the EEZ. In China's perspective, U.S. naval activities within the EEZ (which often focus on surveillance) violate the PRC's sovereignty.<sup>33</sup>

## China's Claims in East China Sea

East China Sea has also been subject to territorial disputes – in this case between the PRC and Japan. The roots of the controversy go back to the 1970s when the U.S. decided to include the disputed islands of Senkaku under Japanese jurisdiction. China since then claims that these islands, located only 12 nautical miles

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<sup>31</sup> Obviously, the same works for other maritime countries in the region. For more details, see e.g. Mark Valencia, "Tempting the Dragon," *Far Eastern Economic Review*, March 11, 2009. The PRC ratified the UNCLOS with an exception: "The Government of the People's Republic of China does not accept any of the procedures provided for in Section 2 of Part XV of the Convention with respect to all the categories of disputes referred to in paragraph 1 (a) (b) and (c) of Article 298 of the Convention." By this, China in fact refuses international mediation of its maritime territorial disputes.

<sup>32</sup> There has been quite an intensive pressure from various groups within the Senate and various lobbies for the ratification of the treaty. President Obama supports ratification of the UNCLOS, but so far no vote has taken place on the floor of the US Senate. There is a number of anti-UNCLOS Senators who often base their rejection on the usual claims about such treaties impeding U.S. sovereignty. See Lauren Morello, "U.S. Pushes for Law of the Sea Ratification as New Arctic Mapping Project Begins," *New York Times*, July 29, 2009.

<sup>33</sup> See e.g. Mark Valencia, "Tempting the Dragon," *Far Eastern Economic Review*, March 11, 2009.



*Figure 2: Map showing rival claims in the East China Sea*

**Source:** East China Territorial Issues, U.S. Energy Information Administration, <http://www.eia.gov/countries/regions-topics.cfm?fips=ECS>.

northeast from Taiwan, are part of the Taiwan province and therefore fall under the jurisdiction of the PRC. The matter is complicated even further by Taiwan, which raised claims of the Republic of China's sovereignty over the islands. Recently, there have been cases of activists from the PRC, Taiwan, and Japan arriving to these uninhabited islands with the goal of making the case for control over the islands for their respective government.

This dispute is also linked to differing interpretation of the UN Convention on the Law of the Sea. While Japan claims its EEZ is defined by "median line," Beijing claims its EEZ includes almost entire East China Sea on basis of extending the continental shelf. Obviously, access to valuable resources (particularly natural gas) is at the heart of this dispute.

The tensions between Beijing and Tokyo increased in 2005 when China started drilling for natural gas in so-called Chunxiao field, located only 3 miles from the

median line. Tokyo responded by launching its own drilling expedition to which Beijing angrily responded by military maneuvers, claiming that Japan violated Chinese territory.<sup>34</sup> Japan since then ceased further exploration and both Beijing and Tokyo are negotiating a framework for possible cooperation,<sup>35</sup> but obviously none of the sides wants to compromise over access to valuable resources. Therefore the potential for conflict escalation still exists, as hunger for resources, China's nationalism which often takes a form of anti-Japanese sentiment, and increasing popularity of China-bashing as a political tool in Japan create a potentially volatile mix. Occasional ventures of Chinese submarines,<sup>36</sup> naval vessels and fishing boats into Japanese waters have also raised suspicion.

Senkaku/Diaoyu Islands represent one of the major flash points between Japan and China in the East China Sea. In September 2010, Japanese Coast Guard arrested crew of a Chinese fishing boat that was operating in the waters near to Senkaku, resulting in a major diplomatic row between Beijing and Tokyo. Beijing canceled Sino-Japanese summit, instructed tourists not to visit Japan, allowed anti-Japanese protests in many Chinese cities,<sup>37</sup> and also moved to stop export of rare minerals to Japan.<sup>38</sup>

China's bullish behavior however prompted a backlash from the U.S. In her comments on the Senkaku situation, Secretary of State Hillary Clinton, while calling for peaceful and cooperative resolution of the dispute, clearly sided with the Japanese and warned Beijing: "Let me say clearly again the Senkakus fall within the scope of article 5 of the 1960 US-Japan Treaty of Mutual Cooperation and Security."<sup>39</sup>

## Is There a Chance for Diplomatic Solution?

Most of China's neighbors are rather ambivalent about Beijing's growing economic and military clouts as they see both opportunities and challenges. Although

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<sup>34</sup> James Manicom, "Hu-Fukuda Summit: The East China Sea Dispute," *China Brief* 8, No. 12, June 6, 2008.

<sup>35</sup> There have been numerous efforts to set up bilateral dispute-solving mechanisms (bilateral security dialog), but no major breakthrough has been reached yet.

<sup>36</sup> Such as the one in 2004. See Nao Shimoyachi, "Chinese Submarine Incursion Considered an Act of Provocation," *Japan Times*, November 19, 2004, <http://search.japantimes.co.jp/member/member.html?nn20041113a4.htm>.

<sup>37</sup> Alexa Olesen, "China Allows Rowdy Anti-Japanese Protests," *Associated Press*, Monday 18, 2010, [http://news.yahoo.com/s/ap/20101018/ap\\_on\\_re\\_as/as\\_china\\_japan](http://news.yahoo.com/s/ap/20101018/ap_on_re_as/as_china_japan).

<sup>38</sup> China refused the claim that stalling the export of rare minerals was related to the Senkaku incident.

<sup>39</sup> Lachlan Carmichael, "U.S., Japan Hit Back at China's Muscle Flexing," *AFP*, October 28, 2010, [http://news.yahoo.com/s/afp/20101028/pl\\_afp/usaustraliaaseandiplomacyjapan\\_20101028150156](http://news.yahoo.com/s/afp/20101028/pl_afp/usaustraliaaseandiplomacyjapan_20101028150156).

growing increasingly dependent on China's economy, countries in the region become at the same time wary of China's growing military power and assertiveness in the region. Many of these nations thus seek counterbalancing Beijing's influence by strengthening their security ties with the U.S. It is however important to emphasize that most of these countries do not want to choose between Beijing and Washington. In fact, they refute such a choice, hoping to keep their options open. At this point, most of China's neighbors want to reap benefits from economic cooperation with China, but at the same time want to protect their national interests against possible encroachment by Beijing. China is hardly perceived as an alternative security partner to the U.S. So far, China's increasing presence in East Asia does not seem to be translated into increased influence.<sup>40</sup> The same however cannot be said about South East Asia, where China's influence grew enormously in countries such as Myanmar, Laos or Cambodia.

So far, China paid little attention to cultivating its soft power. In many cases, Beijing signals willingness to engage in multilateral negotiations, however the buck always stops with China's national interest. Seeing securing access to South China Sea as essential for its national interest, there can be – at this point – little expectation for major diplomatic breakthrough. In this respect, a good example of China's position can be seen in Chinese Foreign Minister Yang Jiechi's rebuke of criticism of the PRC's behavior in South China Sea. He laconically stated: "China is a big country and other countries are just small countries, and that's just a fact."<sup>41</sup>

In 2002, China and ASEAN signed Code of Conduct in the South China Sea which committed all the signatories to a peaceful resolution of conflicts. However, Beijing generally prefers bilateral approach to dispute-solving. Such "divide and conquer" approach deprives China's neighbors of the leverage they could use if negotiating through multilateral platforms of ASEAN or Asian Regional Forum (ARF) and in fact enables Beijing to push for more concessions. This has been the reason why in 2010 in Hanoi, China worked hard to keep the South China Sea issue off the official agenda. When the U.S. Secretary of State Hillary Clinton finally brought up the topic of South China Sea, China strongly objected to internationalization of the issue.<sup>42</sup> The PRC's Foreign Minister Yang Jiechi said: "Turning the

<sup>40</sup> Evan S. Medeiros, "The New Security Drama in East Asia: The Responses of U.S. Allies and Security Partners to China's Rise," *New War College Review* 62, no. 4 (Autumn 2009): 39–40.

<sup>41</sup> Daniel Blumenthal, "What Happened to China's Peaceful Rise," *Foreign Policy*, October 21, 2010, [http://shadow.foreignpolicy.com/posts/2010/10/21/what\\_happened\\_to\\_chinas\\_peaceful\\_rise](http://shadow.foreignpolicy.com/posts/2010/10/21/what_happened_to_chinas_peaceful_rise).

<sup>42</sup> Here, it should be mentioned that the U.S. "discovered" ASEAN only recently. While supporting multilateral fora in Asia in the past, Washington, similarly to Beijing, preferred dealing with Asian countries on bilateral basis.

bilateral issue into an international or multilateral would only worsen the situation and add difficulties to solving the issue.<sup>43</sup>

With respect to maritime disputes, ASEAN countries seem to be rather divided over dealing with Beijing. In the past, some of the countries, such as the Philippines, explored a possibility of a bilateral deal with the Chinese on joint exploration of potential energy resources, ignoring the other ASEAN members' efforts to find a common position to deal with China's claims over the South China Sea. In exchange, Beijing offered Manila substantial benefits – loans without preconditions to finance improvements in governance and funding for numerous construction projects. As a result of its charm offensive, China was able of to conclude a deal called Joint Maritime Seismic Understanding, which was signed by China National Offshore Oil Company, Philippines' PETRON and quite surprisingly Vietnam's national oil company PetroVietnam. This deal, however, was a mixed blessing as it brought more problems than benefits – other ASEAN countries criticized the Filipino government for breaking the ranks and several Filipino government officials were subsequently investigated for alleged corruption.<sup>44</sup>

Despite efforts to find ways to coordinate conduct in the South China Sea, tensions remain. Each of the parties involved seeks alternative ways how to populate and subsequently claim control over disputed islets, such as building tourist facilities.<sup>45</sup>

Most of the nations in the region have also responded by increase of their military budgets (see Tables 2, 3). Many of them take steps in modernizing their military forces that can be interpreted as a direct response to China's rise and behavior. As Washington Post's John Pomfret reported, "the nations of Southeast Asia are building their militaries, buying submarines and jet fighters at a record pace [...] as a hedge against China's rise and its claims to all of the South China Sea."<sup>46</sup> According to SIPRI 2009 Report, South East Asian countries introduce weapons that give their militaries new capabilities for long-distance operations.<sup>47</sup> This includes Vietnam which recently agreed to buy six Kilo-class submarines, Sukhoi

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<sup>43</sup> Ernest Bower, "A Tale of Bilateralism and Secrecy in the South China Sea," *CSIS Newsletter* 1, Issue 23 (July 27, 2010): 2.

<sup>44</sup> Ibid.

<sup>45</sup> Typical example being development of "bird-watching towers" in the Spratly Islands by groups from Taiwan or Vietnam.

<sup>46</sup> John Pomfret, "Concerned About China's Rise, Southeast Asian Nations Build Up Militaries," *Washington Post*, August 9, 2010, A08.

<sup>47</sup> Siemon T. Wezeman, "Arms Transfers to Asia and Oceania," *SIPRI Background Paper*, October 2009, <http://books.sipri.org/files/misc/SIPRIBP0910a.pdf>.

Table 3: Selected East Asian Countries' Defense Budgets in US\$ billion (2005 US\$)

Country/Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Japan	43.50	43.50	44.50	44.70	44.70	44.20	43.80	43.50	43.30	43.20	43.40
Indonesia	2.00	2.00	2.00	2.00	2.40	2.40	2.50	2.20	2.70	2.60	2.50
Malaysia	2.30	1.90	2.30	2.50	2.60	2.30	2.50	3.00	3.30	3.40	3.20
Philippines	1.30	1.30	1.00	1.30	0.90	1.00	0.90	0.90	0.90	0.90	0.90
Singapore	4.90	4.80	5.20	5.40	5.40	5.30	5.60	5.80	5.80	5.90	6.20
Thailand	2.20	2.20	2.10	2.20	2.20	2.10	2.00	2.00	2.60	3.10	3.70
Vietnam	2.10	2.60	3.10	2.60	2.60	3.00	3.20	3.20	3.30	2.10	2.10
China	14.80	16.50	19.40	23.00	25.20	27.60	30.20	35.50	39.90	43.90	50.60
South Korea	17.20	17.20	17.70	18.20	18.50	19.10	20.30	22.20	22.40	23.40	24.70
Taiwan	11.10	12.30	8.40	8.10	7.20	7.80	7.80	7.90	9.60	10.40	9.60

Source: Table compiled by the author using data from 2009 Economic Trends in Asia-Pacific, Australia's Department of Defense, 2009, [http://www.defence.gov.au/dio/documents/DET\\_09.pdf](http://www.defence.gov.au/dio/documents/DET_09.pdf).

aircraft and other military hardware from Russia.<sup>48</sup> Taiwan, Malaysia and Indonesia also seek to acquire submarines. South Korea has been investing heavily into modernization of its naval and amphibious forces. Many of these nations seem to be aware that their investment into advanced weaponry and capabilities for long-distance operations may be destabilizing; therefore, there has been an effort to introduce confidence-building measures and transparency mechanisms, such as regular publication of Defense White Papers.<sup>49</sup> However, as SIPRI points out, “the level of transparency on arms acquisitions and the reasons behind the decisions remain in some cases inadequate to prevent worst-case scenario reactions.”<sup>50</sup> Given the growth dynamics of the South East Asian region, it may be however expected that the trend of increasing military procurement will likely continue in the future. According to an opinion survey among Asia's “strategic elites,”<sup>51</sup> China is perceived as the “most likely threat to peace and security in Asia in 10 years,”

<sup>48</sup> Richard Weitz, “Moscow's Asian Nuclear Campaign,” *The Diplomat* (November 2, 2010), <http://the-diplomat.com/2010/11/02/moscow-s-asian-nuclear-campaign/>.

<sup>49</sup> Usually promoted on multilateral basis, e.g. by ASEAN.

<sup>50</sup> Arms Transfers to Asia and Oceania, *SIPRI Background Paper*, October 2009, <http://books.sipri.org/files/misc/SIPRIBP0910a.pdf>.

<sup>51</sup> The survey was carried out by CSIS. It was based on a selection of experts from the United States, Japan, South Korea, China, Thailand, Indonesia, India, Australia, and Singapore. For more details, see Bates Gill et al., “Strategic Views on Asian Regionalism: Survey Results and Analysis,” *CSIS Report*, February 2009, [http://csis.org/files/media/csis/pubs/090217\\_gill\\_stratviews\\_web.pdf](http://csis.org/files/media/csis/pubs/090217_gill_stratviews_web.pdf).



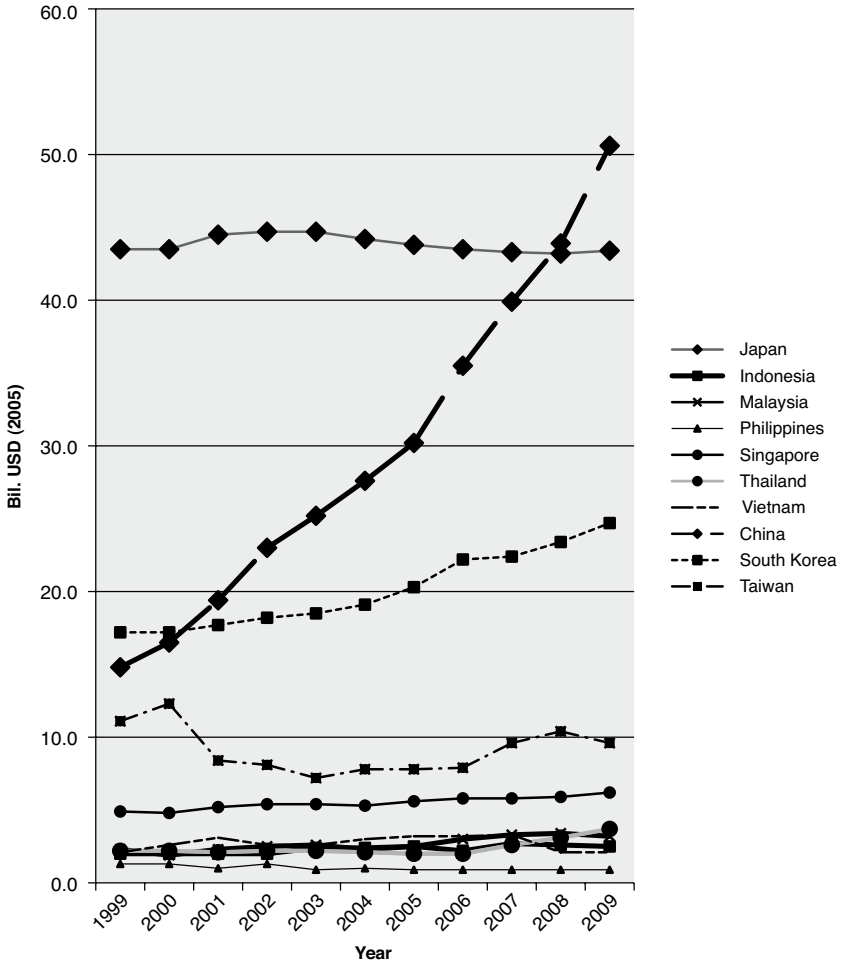


Figure 3: Selected East Asian Countries' Defense Budget in US\$ billion (2005 US\$)

outpacing even North Korea. The survey also underscored the fact that most of the respondents believed that “the United States would play a continued positive and stabilizing role in the region.”<sup>52</sup>

<sup>52</sup> Bates Gill et al., “Strategic Views on Asian Regionalism: Survey Results and Analysis,” *CSIS Report*, February 2009, [http://csis.org/files/media/csispubs/090217\\_gill\\_stratviews\\_web.pdf](http://csis.org/files/media/csispubs/090217_gill_stratviews_web.pdf).

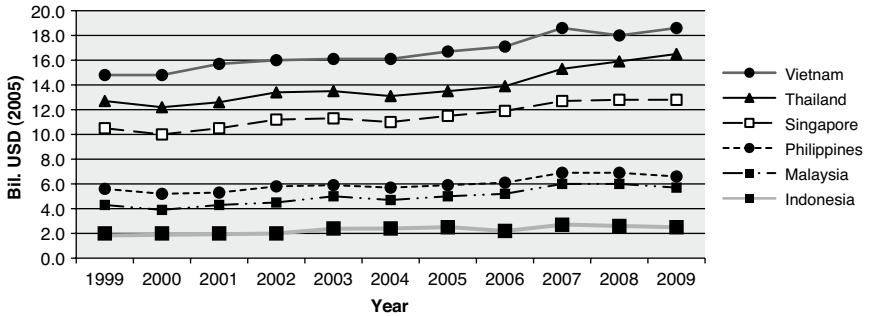


Figure 4: Detail derived from Table 4: Selected East Asian Countries' Defense Budget in US\$ billion (2005 US\$)

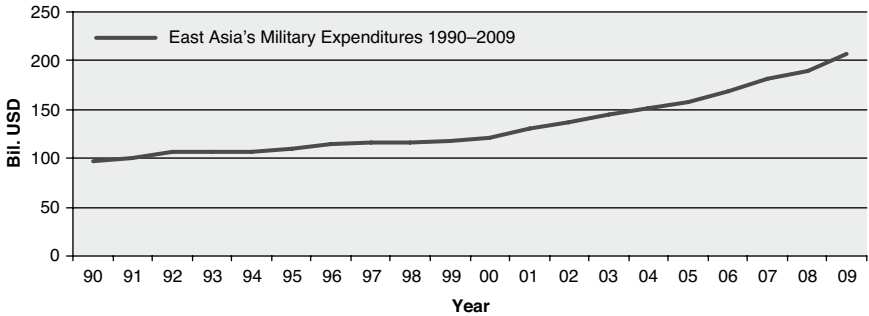


Figure 5: Military expenditure in East Asia in constant US dollars, 1990–2009 (US\$ b)

**Source:** Graph created by the author using data from SIPRI Report. The graph aims to illustrate the trends in military expenditures in East Asia. SIPRI did not include data from Vietnam. North Korea's and Burma's expenditures are only estimates. See Military expenditures by region in constant U.S. dollar prices, <http://www.sipri.org/research/armaments/milex/resultoutput/worldreg2010>.

It therefore seems logical that many of the South East Asian countries seek to strengthen their partnership with the U.S. “Rather than using the rise of China as a strategic counterweight to American primacy, most countries in Asia seem to be quietly bandwagoning with the United States to balance against China’s future power potential,” concludes a report by Australia’s Lowy Institute.<sup>53</sup>

<sup>53</sup> Malcom Cook et al., “Power and Choice: Asian Security Future,” *Lowy Institute for International Policy Report*, June 2010, 22, <http://www.lowyinstitute.org/Publication.asp?pid=1306>.

## U.S. Reaction

The U.S. is pushing back on to reassert its presence in East Asia. In June 2010, the U.S. Secretary of Defense Gates described the territorial disputes in South China Sea as an “area of growing concern for the United States.”<sup>54</sup> Few days after Gates, the U.S. Pacific Fleet Commander, Admiral Patrick Walsh, blasted Chinese aggressive behavior in East China Sea as irresponsible and unprofessional: “This is an issue that has us very, very concerned because, on principle, the interference with freedom of navigation in international water is a core interest for those who use the global commons.”<sup>55</sup>

So far, the U.S. confronts China by underscoring U.S. commitment to South-east Asia and by putting emphasis on maintaining regional balance and stability as one of U.S. primary national interests. Secretary of Defense Gates and Secretary of State Clinton repeatedly emphasized the importance of respecting freedom of navigation, protection of SLOCs, and unimpeded economic development and trade.

Hillary Clinton expressed the U.S. concerns about China’s moves in South East Asia during her visit to ASEAN regional security forum in Hanoi in July 2010. She weighed in on the side of smaller South East Asian countries by stating that “the United States, like every nation, has a national interest in freedom of navigation, open access to Asia’s maritime commons, and respect for international law in the South China Sea [...]. We oppose the use or threat of force by any claimant.”<sup>56</sup> However, Beijing immediately rejected any U.S. role in China’s territorial dispute resolution. An editorial in *Global Times*, a sister newspaper of the *People’s Daily*, blasted the U.S. for trying to “meddle in the region, and force countries to choose between China and the U.S.” and forcefully pointed out that “China will never waive its right to protect its core interest with military means.”<sup>57</sup>

Besides the above-mentioned rhetorical support, the U.S. has become more involved in South East Asian multilateral mechanisms, such as the recent U.S. effort at advancing the claim for a seat at the East Asian Summit<sup>58</sup> or participa-

<sup>54</sup> Ian Storey, “Shangri-La Dialogue Highlights Tensions in Sino-U.S. Relations,” *China Brief* 10, No. 13 (June 24, 2010): 11. Shangri-La Dialogue (annual meeting of defense ministers, military officers) took place on June 4–6 in Singapore.

<sup>55</sup> Yoichi Kato, “U.S. Commander Blasts Chinese Navy’s Behavior,” *Asahi Shimbun*, June 15, 2010, <http://www.asahi.com/english/TKY201006140534.html>.

<sup>56</sup> Hillary Clinton, “Remarks at Press Availability,” Hanoi, Vietnam, July 23, 2010, <http://www.state.gov/secretary/rm/2010/07/145095.htm>.

<sup>57</sup> “American Shadow Over South China Sea,” *Global Times*, July 26, 2010, <http://opinion.globaltimes.cn/editorial/2010-07/555723.html>.

<sup>58</sup> P. S. Suryanarayana, “East Asia Summit to include U.S., Russia,” *The Hindu*, July 25, 2010, <http://www.thehindu.com/news/international/article532086.ece>.

tion at ASEAN Defence Ministers Plus with Eight Dialogue Partners in October 2010. The U.S. engagement in South East Asian multilateral organizations sends an important signal: it shows that the U.S. recognizes their importance and sees multilateralism as the primary vehicle of keeping China's power ambitions in check. Washington also actively supports confidence-building measures and expansion of military exchanges and dialog. However, in this respect, the U.S. has to face several challenges: First, the countries of ASEAN are mutually divided and often unable to act in concert. Second, even if put together, they may not have the capacity to stand up to China. Third, many of the ASEAN countries may refuse to deepen cooperation with the U.S. It therefore remains to be seen whether the U.S. would feel confident to confront China unilaterally over fundamental issues.

On its part, China obviously is not happy about what Beijing sees as U.S. interference and thus launched a campaign to protect its national interests. In June 2010, Chinese Admiral Guan Youfei complained that the U.S. for trying to encircle China.<sup>59</sup> In August 2010, Rear Admiral Yang Yi published an article in Chinese military paper *People's Liberation Daily*, in which he blasted the U.S. for "engaging in an increasingly tight encirclement of China and constantly challenging China's core interest."<sup>60</sup> According to American officials, such views are rarely heard in the mutual negotiations. However, a senior Chinese official confirmed to *Washington Post* that such views were in fact widely accepted in China, particularly in military forces that perceive the U.S. as China's biggest threat.<sup>61</sup>

## **Regional Response to China's Rise: Drawing Closer to the U.S.?**

### **Japan**

The relations with Japan are extremely important for the U.S. role in East Asia. Washington and Tokyo are bound by a 50-year old security pact that allows the U.S. to maintain substantial military presence in East Asia. The U.S. keeps several bases in Japan (Kadena Air Base and Okinawa) with about 50,000 forward-deployed troops. This enables the U.S. to stay within a close reach to the areas of potential conflict – North Korea and Taiwan Strait.

<sup>59</sup> John Pomfret, "In Chinese Admiral's Outburst, a Lingering Distrust of U.S.," *Washington Post*, June 8, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/06/07/AR2010060704762.html>.

<sup>60</sup> See Michael Wines, "U.S. Alarmed by Harsh Tone of China's Military," *New York Times*, October 11, 2010, <http://www.nytimes.com/2010/10/12/world/asia/12beijing.html>.

<sup>61</sup> John Pomfret, "Chinese Close Ranks on Criticism of U.S.; Americans Dismiss a Military Officer's Outburst, but Distrust Appears to Be Common in Beijing," *Washington Post*, June 8, 2010, A10.

However, the security alliance is not trouble-free. The Japanese population is divided over the U.S. presence in Japan. Many regret Japan's submissive position and would like to see the U.S. presence diminish. Some even call for the withdrawal of American troops from Japan. However, at the same time, most Japanese are aware of the fact that their country is dependent on the U.S. as far as security matters are concerned and they do not seem to be ready to give up U.S. protection.<sup>62</sup>

In 2009, the ruling Democratic Party of Japan (DPJ) under Prime Minister Hatoyama called for a "more equal alliance" with the U.S. One of Hatoyama's goals was to close the U.S. base in Futenma, Okinawa,<sup>63</sup> and – if possible – negotiate final departure of the American troops. After a short diplomatic spat between Washington and Tokyo, Hatoyama admitted that removing U.S. base from Okinawa was impossible for the time being – the U.S. showed no intention of moving from Okinawa. According to Defense Secretary Robert Gates, Okinawa was the "linchpin" of Washington's East Asian strategy; therefore the issue of U.S. troops departure from Okinawa is likely to resurface in the future.

In April 2010, the Chinese Navy deployed ten warships near the Japanese coast. In September, Chinese fishing boat crashed into two Japanese Coast Guard boats, resulting in a long diplomatic row between Beijing and Tokyo over release of the Chinese crew, which was imprisoned by the Japanese.<sup>64</sup> Suddenly, Japanese were engaged in a lively discussion over China bullying its way through. The tensions flared up so high that even the U.S. felt the urge to publicly affirm the U.S. commitment to the defense of Japan to provide some assurances to the concerned nations of Southeast Asia. Given the recent tensions with Beijing, Japanese leaders do not shy away from calling China as Japan's potential military threat.<sup>65</sup>

China's rise, the territorial disputes with the PRC, the North Korean threat and also domestic discontent over Japan's rather tacit security role induced recent Japanese governments to pursue more proactive defense thinking. Coinciding with the rise of China's military power, Japan is in the process of amending its constitu-

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<sup>62</sup> Mark Thompson, "Why Japan and the U.S. Can't Live Without Okinawa," *Time*, June 8, 2010, <http://www.time.com/time/nation/article/0,8599,1994798,00.html#ixzz15pDwmnnL>.

<sup>63</sup> Eli Clifton, "Japan Base Row Causes Regional Ripples," *Asia Times*, April 30, 2010, <http://www.atimes.com/atimes/Japan/LD30Dh01.html>; Rajaram Panda, "Controversy Over Relocating the Futenma Base," Institute for Defense Studies and Analysis, October 31, 2009, [http://www.idsa.in/idsastrategiccomments/ControversyoverRelocatingFutenmabase\\_RPanda\\_311009](http://www.idsa.in/idsastrategiccomments/ControversyoverRelocatingFutenmabase_RPanda_311009).

<sup>64</sup> Anne Applebaum, "China's Quiet Power Grab," *Washington Post*, September 28, 2010, A25.

<sup>65</sup> Defense of Japan 2010, Japanese Defense White Paper, [http://www.mod.go.jp/e/publ/w\\_paper/2010.html](http://www.mod.go.jp/e/publ/w_paper/2010.html).

tion so as to allow its Self-Defense Forces greater freedom of action for overseas deployment or engagement.<sup>66</sup>

With the new government of Naoto Kan, Japan seems to be looking at strengthening its security cooperation with the U.S. Japanese prime minister announced that Japan would “develop an active foreign policy.” Following on this pledge, Kan government dispatched Self-Defense Force (SDF) officers to observe U.S.-South Korea military exercises to demonstrate solidarity with Seoul in the wake of the March *Cheonan* incident.<sup>67</sup> This move can also be interpreted as a signal to China. In July 2010, Tokyo also announced unprecedented enlargement of its submarine fleet, first in 36 years. Aligning with the U.S., Japan also strongly supported the US-led draft of UN sanctions resolution on Iran.

More forceful defense positioning by Japan can be expected in case of emergence of major security challenges, such as heightened nuclear threat from North Korea, nuclearization of South Korea and harassment of Japan’s sea lanes of communications.<sup>68</sup> Japan is also concerned about Chinese missiles targeting Taiwan, as these can reach Japanese territory. The changing security environment in the region has been reflected in changing Japanese strategic thinking. The recent governments have opened up the debate about the need of building up its defenses and to confront China – not only militarily, but also politically and economically, e.g. by showing its support to countries such as Taiwan or South Korea or even Vietnam.

## Taiwan

Taiwan holds an important strategic position in Southeast Asia. General MacArthur once described Taiwan as an “unsinkable aircraft carrier.”<sup>69</sup> Its unresolved international status has been a continuous cause of tensions between the PRC and the U.S.; Washington’s support for Taiwan has often been regarded as a test of the U.S. commitment to Asia. Taiwan also plays an important role in China’s calculations over securing its “core interest.”

The relations between the U.S. and Taiwan continue to be very strong. Since 2008, the negotiations between Beijing and Taipei led to easing of the tensions in the Taiwan Strait. In recent years, it has become very clear that Taiwan is drawing

<sup>66</sup> Kent E. Calder, “China and Japan’s Simmering Rivalry,” *Foreign Affairs* 85, no. 2 (March/April 2006): 131–134.

<sup>67</sup> See Michael J. Green and Nicholas Szechenyi, Green Shoots in the U.S.-Japan Alliance, *CSIS*, November 9, 2010, [http://csis.org/files/publication/101109\\_Green\\_GreenShoots\\_JapanPlatform\\_formatted.pdf](http://csis.org/files/publication/101109_Green_GreenShoots_JapanPlatform_formatted.pdf).

<sup>68</sup> Christopher W. Hughes, *Japan’s Remilitarization* (London: Routledge, 2009), 146.

<sup>69</sup> Remarks by Gen. McArthur, “An Unsinkable Aircraft Carrier,” *Time*, September 4, 1950.

closer to the PRC. Beijing and Taipei agreed to establish direct flights and signed an Economic Cooperation Framework Agreement, which substantially enhanced and bolstered mutual trade. There are still reasons for concern, however. Despite growing cooperation between Beijing and Taipei, particularly in economic terms, China still has not renounced the use of force against Taiwan. At the same time, Taiwan's government willingness to negotiate over mutual trade and exchanges so far has not been awarded by Beijing's move towards dismantling at least some of the estimated 1,500 missiles positioned along the coast of the Fujian province, targeting Taiwan. Even the generally pro-China president Ma Ying-jeou is aware of the fact that the "threat to Taiwan's security still exists."<sup>70</sup>

Some analysts, such as Robert D. Kaplan, warn of Beijing's long-term strategy of bringing Taiwan into its fold while increasing its military power will ultimately lead to a situation when the U.S. won't be able to "credibly defend Taiwan... [and] China will be able to redirect its naval energies beyond the first island chain in the Pacific to the second island chain."<sup>71</sup>

With respect to Taiwan, President Obama has in fact been continuing the policy of his predecessor George W. Bush. Washington holds on to one-China policy, does not support Taiwan's independence movement (which has meanwhile substantially weakened) and maintains strictly unofficial relations with Taipei. President Obama on several occasions praised the effort of both sides of the Taiwan Strait to relax the tensions.

It has been a continuous policy of the U.S. to provide arms sales to Taiwan for the purpose of self-defense. In January 2010, President Obama announced that he was approving of arms sales package to Taiwan worth \$6.4 billion. The list of weapons included Blackhawk helicopters, Patriot missiles, and anti-ship Harpoon missiles. The logic behind continuing arms sales is based on the belief that China would have less reason to engage in dialogue should Taiwan lose its ability to defend itself. Keeping Taiwan strong also serves the purpose of dissuading possible attack by China by increasing its potential cost.

## South Korea

South Korea perceives China primarily through the prism of Beijing's relations with North Korea. There are concerns in Seoul over the long-term intentions of the

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<sup>70</sup> "President Ma Sees No Need to Rush Cross-Strait Ties," *Taiwan Today*, September 1, 2010, <http://www.taiwantoday.tw/ct.asp?xitem=116120&CtNode=414>.

<sup>71</sup> Robert D. Kaplan, "While U.S. is Distracted, China Develops Sea Power," *Washington Post*, September 26, 2010, A25.

PRC toward Pyongyang, especially after Beijing's reluctance to take a firm stance against North Korea after the release of an independent report that blamed North Korea for the sinking of the South Korea military vessel *Cheonan*. South Korea's growing frustration with China's role in managing North Korea has caused Seoul to look to its traditional security partner, the U.S.

As a tangible demonstration of their security partnership, the U.S. and South Korea recently held a large-scale military exercise in the Yellow Sea, which included the deployment of the aircraft carrier USS George Washington, F-22 stealth fighter-bombers and hundreds of other aircraft, ships and thousands of U.S. and Korean personnel.<sup>72</sup>

South Korea has also invested in modernization of its naval and amphibious forces. According to SIPRI, South Korea has been looking into acquiring high-technology weapons for all three of its armed services, including long-range strike aircraft, submarines, and particularly anti-ballistic missile systems. The level of procurement currently makes South Korea the fourth largest military importer in Asia.<sup>73</sup>

## Vietnam

Recently, Vietnam too has been carefully approaching the U.S. There has been increasing frequency of meetings between Vietnamese and American officials. The fact that Vietnam seeks to strengthen security relationship with Washington, once a major adversary, is a palpable evidence of Vietnam's effort to hedge against China. According to Carl Thayer, a veteran specialist on the Vietnamese military at Australia's Defense Force Academy, Vietnam's recent military acquisitions prove that Hanoi is "seeking a credible deterrent against China, hoping to defend its own claims to the South China Sea."<sup>74</sup>

Hanoi government feels bolder now and wishes to play a more prominent role in regional politics. In 2009, Vietnam and Russia signed a deal for purchasing six Kilo-class submarines worth USD 3.2 billion. However, Hanoi does not want to be dependent on Moscow for military purchases, given Russia's extensive military

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<sup>72</sup> Daniel Ten Kate and Nicole Gaouette, "Clinton Signals U.S. Role in China Territorial Disputes After Asean Talks," *Bloomberg*, July 23, 2010, <http://www.bloomberg.com/news/2010-07-23/u-s-says-settling-south-china-sea-disputes-leading-diplomatic-priority-.html>.

<sup>73</sup> Arms Transfers to Asia and Oceania, *SIPRI Background Paper*, October 2009, <http://books.sipri.org/files/misc/SIPRIBP0910a.pdf>.

<sup>74</sup> Greg Torode, "Vietnam Buys Submarines to Counter China," *South China Morning Post*, December 17, 2009, [http://www.viet-studies.info/kinhte/vietnam\\_buys\\_submarines\\_SCMP.htm](http://www.viet-studies.info/kinhte/vietnam_buys_submarines_SCMP.htm).



cooperation with China. It therefore seeks to buy weapons from other countries, such as Canada, France, and also U.S.<sup>75</sup>

In his recent visit to Vietnam, Secretary of Defense Robert Gates worked diligently to seek expansion of U.S.-Vietnamese cooperation.<sup>76</sup> The two sides have already established a close bilateral defense dialogue with primary focus on maritime security as well as civil nuclear cooperation with more proposals still on the table.<sup>77</sup>

It must be pointed out that despite positive developments between Hanoi and Washington there are still issues that may complicate the cooperation, such as mixed human rights record of Vietnam.

## Indonesia

During Bush administration, the U.S. relations with Indonesia, the world's most populous Muslim country, evolved particularly in the context of war on terrorism. Under President Obama, the U.S. wanted to expand the relation beyond the war on terror. Not only Obama wants to improve the relations with Muslim world, but, more specifically, he sees huge potential for U.S.-Indonesia cooperation, especially from the strategic perspective: Indonesia's position in between the Indian and Pacific Ocean gives it control over the ships passing through the Straits of Malacca. Indonesia can thus serve as an important base for anti-terrorism and anti-piracy activities.<sup>78</sup> Member of the ASEAN, Indonesia however also figures prominently in the hedging strategy toward China, as it is one of the nations with stakes in the territorial disputes in the South China Sea. In this context, it should be noted that Indonesian Foreign Minister Marty Natalegawa publicly rejected China's demand that Southeast Asian nations keep America out of the South China Sea dispute.<sup>79</sup>

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<sup>75</sup> "Vietnam Asks France for Military Upgrades," *Asian Correspondent*, July 27, 2010, <http://asiancorrespondent.com/breakingnews/vietnam-asks-france-for-military-up.htm>.

<sup>76</sup> "Gates Seeks Expansion of US-Vietnamese Cooperation," U.S. Department of Defense, October 11, 2010, <http://www.defense.gov/news/newsarticle.aspx?id=61217>.

<sup>77</sup> Carlyle A. Thayer, "Vietnam-United States Military Relation," December 14, 2009, <http://www.scribd.com/doc/24097825/Thayer-Vietnam-s-Military-Relations-with-the-US-and-Russia>.

<sup>78</sup> The U.S. lifted a 12-year ban on ties to a unit of the Indonesian army, thus creating prospect for closer military-to-military cooperation, which may include training of U.S. forces in Indonesia and possible arms sales. See Simon Tisdall, "Indonesia's Door Is Open for Obama," *Guardian*, August 2, 2010, <http://www.guardian.co.uk/commentisfree/2010/aug/02/indonesia-obama-us-china>.

<sup>79</sup> Joshua Kurlantzik, "A Beijing Backlash," *Time*, October 4, 2010, <http://www.newsweek.com/2010/10/04/how-china-may-have-overplayed-its-hand.html>.

## Thailand

Thailand is a typical example of a country torn between Washington and Beijing. Bangkok traditionally seeks to reap benefits from both China and the U.S. in both economic and security terms. According to the *CRS Report*, Thailand, due to its geographic position, is strategically important for the U.S.: “Thailand has been a significant partner for the United States and an important element of the U.S. strategic presence in the Asia-Pacific. At the same time, Thailand enjoys a strong economic and political relationship with China, making it a potential battleground for influence in the region.”<sup>80</sup> However, in reality, Thailand recently represents more of a challenge for the U.S. due to its increasingly independent streak and growing influence of Chinese business community and Chinese investments in Thai economy.

Thailand has been a traditional U.S. military ally, but the relationship grew complicated after the 2006 coup preceded by numerous domestic issues which drew the government’s attention. Expansion of the U.S.-Thai relationship is stymied by Bangkok’s balancing between Washington and Beijing. It appears that there is a difference between the perception of China threat in Washington and Bangkok, given Thailand’s expanding political, economic and also military relations with Beijing. Differences over human rights and approach to Burma also represent an obstacle to the expansion of U.S.-Thai relations. Despite these long-term odds, the military relationship between the U.S. and Thailand grew stronger in the past. Thailand contributed troops to U.S.-led military operations and even provided infamous “black site” where the CIA was allowed to secretly hold suspected terrorists.<sup>81</sup> The U.S. and Thailand share intelligence<sup>82</sup> and also conduct joint military exercises.

## The Philippines

The Republic of Philippines has been recently seeking a balance between Beijing and Washington and therefore has been one of the primary targets of courtship from both the Bush and Obama administration.

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<sup>80</sup> Emma Chantlett-Avery, “Thailand: Background and U.S. Relations,” *CRS Report to Congress*, June 21, 2010, 4.

<sup>81</sup> Dana Priest, “CIA Holds Terror Suspects in Secret Prisons,” *Washington Post*, November 2, 2005, <http://www.washingtonpost.com/wp-dyn/content/article/2005/11/01/AR2005110101644.html>.

<sup>82</sup> In 2010, Thailand extradited military contractor Viktor Bout to the U.S. despite strong objections from Russia. Bout is charged with trying to sell weapons to a terrorist group. See John Pomfret,

The Philippines has been a traditional U.S. ally due to their historical ties. After signing a Visiting Forces Agreement with the U.S. in 1999, Manila permitted the U.S. to hold military exercises in the Philippines. The U.S. also provided the Philippines with substantial military assistance. After the 9/11 terrorist attacks, the mutual ties were strengthened. The Philippines became the frontline of President Bush's War on Terror because the islands often served as a breeding ground for numerous terrorist organizations, including Abu Sayyaf group or branches of Al-Qaeda.<sup>83</sup> In cooperation with the Philippine military forces, the U.S. staged several counterterrorism exercises and also increased arms sales. However, the U.S. military presence in the Philippines has also been seen as a part of the hedging strategy against China. The Republic of Philippines has been engaged in several territorial disputes with China, the most notable being the Mischief Reef incident in 1995. Since then, the relationship between Manila and Beijing has improved; the PRC offered both economic and military assistance to the Philippine government, expanded the volume of trade and offered substantial investment into projects in the Philippines. This has been interpreted by some experts as an effort by the PRC to "has sought to forestall a greater U.S. military presence in the region, a clash over disputed territory in the Spratlys that might provoke U.S. involvement, and Philippine support of the United States in a possible military crisis involving Taiwan."<sup>84</sup> The political representation seems to be divided over the general foreign policy orientation. Some argue for closer ties with the PRC while others fear compromising the Republic of Philippines sovereignty. However, the Philippines generally do not perceive China as a threat, population's perception of Beijing is rather favorable, which is not the case of the popular perception of the U.S.

## **Conclusion: The rise of China is making many of the South East Asian countries nervous**

China's rise and the consequential hedging against its growing power and related disputes over territory – all of these phenomena have a potential of complicating the future security in Asia. A resolution of the disputes in the South China and East China Sea cannot be expected any time soon. China will hardly be

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"Suspected Russian Arms Dealer Bout to be Extradited to U.S., Thai Court Rules," *Washington Post*, August 21, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/08/20/AR2010082000452.html>.

<sup>83</sup> Preeti Bhattacharji, "Terrorism Havens: Philippines," *Foreign Affairs Online*, June 1, 2009, [http://www.cfr.org/publication/9365/terrorism\\_havens.html](http://www.cfr.org/publication/9365/terrorism_havens.html).

<sup>84</sup> Thomas Lum, Larry A. Niksh, "The Republic of Philippines: The Background and U.S. Relations," *CRS Report to Congress*, January 15, 2009, 18.

willing to compromise because its continuing economic development, dependent on access to energy resources, is directly linked to the legitimacy of the Chinese Communist Party.

We may expect China's neighboring countries to continue hedging against China's rise which will include substantial investments into strengthening their military forces. However, on a parallel track, diplomatic efforts, particularly in conflict and dispute resolution, can be expected too, just like expansion of economic cooperation with the PRC. Regional multilateral fora, such as the ASEAN and the ARF, will promote further integration both horizontally and vertically. By formalizing some form of participation of the U.S., these regional arrangements may strengthen the U.S. bond to the region – the U.S. envisions it will boost the legitimacy of the U.S. engagement in the Asia. Some Asian countries would also like to engage and possibly incorporate China into regional arrangements as a means of assuring that Beijing respects established rules and acts as a “responsible stakeholder.” China scholar Evelyn Goh believes that the two goals are intrinsically linked. She argues that ASEAN engagement with China is built upon the intent for continued U.S. strategic commitment to the region.<sup>85</sup> It however remains to be seen whether this strategy will work in the future. So far, in many cases, China played down the push into the “responsible stakeholder” role.

The U.S. has long defined the U.S. dominance in maritime Southeast and East Asia and perceives this area as vital to its security. Sino-American relations will continue to be a blend of rivalry and effort at cooperation. In response to China's increasingly assertive approach to the region, the U.S. strengthened its position in Asia by actively seeking cooperation with the regional multilateral fora as well as individual states and by pushing for more efficient and substantive dispute-settling process. It has also strengthened its air and sea presence in Guam, which gives the U.S. increased capacity for power-projection in South East and East Asia. Most South East and East Asian nations will seek firmer relations with the U.S. to secure their security interests and balance China's influence. Therefore, for the time being, the U.S. will continue to play a key role as a guarantee of the regional order in the region of Southeast Asia.

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85 Evelyn Goh, “ASEAN's Adventures,” *The National Interest* No. 94 (March–April 2008): 62.