

ICAS Bulletin

August 15, 2015

A Bimonthly Survey of Research and Analysis on China-US Relations

Twice a month, the ICAS Bulletin updates a global audience on American perspectives regarding the world's most important bilateral relationship. Research papers, journal articles, and other prominent work published in the US are listed here alongside information about events at US-based institutions. To receive the ICAS bulletin via email, please notify us at icas@chinaus-icas.org.

Publications

China's Conflicting Signals on the South China Sea

Barry Desker

Southeast Asian View blog, Brookings Institution, July 2015

Desker describes the difficulties within ASEAN in dealing with the South China Sea disputes and in arriving at consensus on how to engage China on the issue. He contends that even as China's economic plans look towards Central Asia, its strategic concerns are very much focused on the Pacific. Desker argues that China's assertive dealings with the littoral states of the South China Sea threaten to undermine the maritime component of its economic strategy.

Seizing the Diplomatic Initiative to Control Cyber Conflict

Paul Meyer

The Washington Quarterly 38:2, Summer 2015

Meyer assesses the joint China-Russia initiative on a code of conduct for cyberspace and finds it vague and lacking in many respects. Against the background of continuing tensions between China and the US in the cyber domain, he recommends greater participation by US and other "Western" states in the creation of global cyber norms.

Why the TPP is the Linchpin of the Asia Rebalance

Jeffrey Bader and David Dollar

Order from Chaos blog, Brookings Institution, July 28, 2015

This article discusses the impact the TPP agreement will have on the US and Asian economies. Bader and Dollar note that the economic side of the US “rebalance” to Asia has been marked by very few accomplishments: the BIT agreement with China is stalling, the US export-import bank is struggling due to ideological battles in Washington, and the US has declined the opportunity to become involved in Chinese-led initiatives like the AIIB. Consequently, the TPP is left as the only significant way for the US to signal economic commitment to the region.

Mapping Chinese Direct Investment in the US Energy Economy

Melanie Hart

Center for American Progress, July 30, 2015

This report documents Chinese investments in US clean and traditional energy sectors. Hart observes that to this point, Chinese investment in wind farms or solar panel manufacturing has been attracted by state and local governments in the US, rather than initiatives of the federal government. Hart recommends that in the future the federal government should become more involved in channeling Chinese investment in clean energy by expanding Department of Energy and Department of Commerce programs. Hart finds that because of its national security benefits to both countries, clean energy cooperation should be developed into a “highlight” of the diplomatic relationship.

China’s Naked Emperors

Paul Krugman

New York Times Op-Ed, July 31, 2015

Economist and columnist Paul Krugman argues that the recent stock-market interventions by Chinese regulators have revealed that China’s management of its economy is not as skillful as many people think. Krugman argues that the kinds of interventions seen lately are appropriate only as short-term measures to address an unjustified market panic, but Chinese authorities are currently using them to patch over structural problems. He describes the current problem as one where investment has dropped off because of declining returns, but consumer spending has not risen fast enough to fill the gap—in part because reforms towards a consumer-oriented economy have not been enacted quickly enough.

China's Rise and Reconfiguration of Asia's Geopolitics: A Case for US "Pivot" to Eurasia

Roman Muzalevsky

US Army War College Strategic Studies Institute, July 20, 2015

Muzalevsky describes the geopolitical situation in Central Asia as an intersection of four powers: China, Russia, India, and the United States. While Russia maintains the dominant security role in the region, the author finds that China has the greatest potential to establish regional "hegemony," which to him means projecting economic, political and cultural influence, in part through massive infrastructure projects. He encourages the US to develop a "pivot to Eurasia" that would maintain active economic engagement and security cooperation in Central Asia in order to maintain US credibility even as US troop levels in Afghanistan are drawn down. Under this plan, the US "New Silk Road Economic Strategy" should be tailored to complement Chinese "belt and road" initiatives in order to augment cooperation where appropriate.

Why Can't We be Friends? Assessing the Operational Value of Engaging PLA Leadership

James Nolan

Asia Policy No. 20, July 2015

Nolan contends that while military-to-military engagement between the US and China may be important at a broadly diplomatic level, it seems not to build personal trust between officers or increase operational cooperation. Nolan bases his findings on interviews with American military officers who had been engaged in Flag Officer/General Officer engagement programs. The article traces two levels of obstacles to the Pentagon and the PLA attaining greater operational effectiveness through engagement (defined here as crisis resolution, greater interoperability, and increased safety of operations). On the one hand, Nolan observes that increased interpersonal trust between Chinese and American officers is not often cultivated through engagement programs. This is due to several perception gaps between US and Chinese worldviews, and philosophical and organizational differences between the US military and the PLA. On the other hand, even if trust can be built, different organizational structures make this trust relatively useless in a crisis, because operational level PLA officers do not have the same autonomy or ability to communicate with counterparts that the US officers have.

Beijing's Assurances Unpersuasive: A COC Can't Wait

Bonnie Glaser

CSIS Asia Maritime Transparency Initiative Blog, August 5, 2015

Glaser contends that China is becoming increasingly sensitive to criticism from its neighbors about actions in the South China Sea. While Chinese officials have made some statements aimed at assuring other states in the region, Glaser views these assurances to be inadequate, especially in light of the fact that current construction

projects on reclaimed reefs appear to be military in nature. What is needed is a binding Code of Conduct with dispute settlement mechanisms and risk reduction measures. Glaser recommends that ASEAN states demand action on a Code of Conduct for the South China Sea, and urges the United States to provide diplomatic support for this measure.

Events at US-based Institutions

CNA Conference: China as a “Maritime Power”

CNA, Arlington VA, July 28-29, 2015

Participants at this conference discussed the meaning of China’s ambition to be a “maritime power.” The following papers were presented at the conference, all of which are available by clicking on the titles.

- [“China’s Fishing Industry: Current Status, Government Policies, and Future Prospects” by Zhang Hongzhou](#)
- [“China’s Maritime Rights and Interests: Organizing To Become A Maritime Power” by Isaac B. Kardon](#)
- [“China’s Merchant Marine” by Dennis J. Blasko](#)
- [“From Words to Actions: The Creation of the China Coast Guard” by Ryan D. Martinson](#)
- [“Laying a Foundation for Ambition at Sea: The Role of the PLA \(N\) in China’s Goal of Becoming a Maritime Power” by Alan Burns](#)

From Ocean of War to Ocean of Prosperity

Carnegie Endowment for International Peace, July 29, 2015

Admiral Tomohisa Takei of Japan’s Naval SDF discusses the strategic significance of the Western Pacific, and its transformation to a “sea of peace” and commerce. He suggests that because of the patterns of shipping from the Suez Canal to the South China Sea are so central to global commerce, the “Indo-Pacific” should be treated as a single critical region from the perspective of maritime security. As such, the political situation in Yemen along with piracy issues are of as much concern to East Asia as are more local issues. Takei brought up the South China Sea disputes without discussing any particular nation by name. He stated that since all of the states in East Asia are maritime, commercial nations, that the growth of naval power and capabilities is inevitable and unproblematic. What was a problem in the region was a lack of transparency about naval operations, and countries (presumably China) unilaterally imposing their own interpretation of the law on the rest. This challenges stability in a sea that, because of its central importance to commerce, must remain freely accessible to all.

Cleaner and Greener: Chinese Direct Investment in the US Energy Sector

Wilson Center, July 31, 2015

Derek Scissors of AEI, Melanie Hart of CAP and Damien Ma of the Paulsen Institute discussed the importance of Chinese investment in the US energy sector. While according to Scissors, the overall significance of Chinese investment in clean energy is low (especially in the United States), Hart argued that at the local level Chinese investment has facilitated many wind, solar, and other projects in the United States. Both Hart and Ma emphasized how it is local governments rather than the federal government in the US that do the most to connect foreign financing to energy projects.

Commentary: Is the US Neutral in the South China Sea Disputes?

By Mark J. Valencia

On 21 July US Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel gave a keynote speech at a conference on the South China Sea hosted by the Center for Strategic and International Studies. In response to a question regarding U.S. neutrality on the disputes from Dr. Wu Shicun, President of China's National Institute for South China Sea Studies, Russel stated: "We are not neutral when it comes to adherence to international law. We will come down forcefully on the side of the rules. We take no position however on the underlying sovereignty claims. Our concern is with behavior [...] We also care passionately about the right of a state to make recourse to legitimate international mechanisms as a means of defending its interest or seeking justice or resolution of a dispute."

This is not new nor should it be news. The U.S. has stated as much many times before. However China will likely consider this statement in the context of other US policy statements and actions on these (and other) issues between them, as well as the positions of the disputants. In doing so China is likely to draw the conclusion that the U.S. is being disingenuous and hypocritical and is actually supporting rival claimants against it. Why so?

Although it has not ratified the 1982 UN Convention on the Law of the Sea which in its view governs the jurisdictional aspects of these disputes, the U.S. insists that China must base its claims solely on it. This implies that any Chinese 'history-based' claim to jurisdictional rights within its nine-dash line is invalid. Outside of China and Taiwan—most would agree. But this is not a neutral position.

Moreover, the claims by the Philippines to a large swath of features and the Sea as Kalayaan, and that of Malaysia to various features because they lie on its claimed continental shelf are as spurious and weak as China's historic 'nine-dashed line' claim. Yet the U.S. has remained relatively silent on these claims. Contrary to the Convention that they have ratified, Vietnam and Indonesia (which has also objected

to China's South China Sea claim) do not allow innocent passage of foreign warships in their territorial seas without their consent, while Malaysia does not allow foreign military exercises in its claimed EEZ. Yet the U.S. has not publicly "called them out" as it has China. Similarly the U.S. has announced that it is considering challenging under its Freedom of Navigation Program China's possible claims to territorial seas from some low tide elevations—but not those of Malaysia, Vietnam or Taiwan.

There are many other apparent contradictions in the U.S. position. The U.S. has also insisted in the past that China negotiate these issues multilaterally with a bloc of states - ASEAN - that includes non-claimants, and at one point even offered to mediate. But China's well known position is that settlement of the disputes should be negotiated by "sovereign states directly concerned" as stipulated in the 2002 ASEAN-China agreed Declaration of Conduct of Parties in the South China Sea (DoC), and that non-regional parties should not be involved.

Nevertheless Russel said in his address to the conference that "I don't know anyone in the region who believes that a negotiated settlement between China and other claimants is attainable in the current atmosphere [...] and then there is the absolutist political position taken by some claimants who insist that their own claims are 'indisputable' and represent territory - however distant from their shores - that was 'entrusted to them by ancestors' and who vow never to relinquish 'one inch.'" This paraphrases several recent statements by China's Foreign Minister Wang Yi including that [if China lost the Spratly Islands] it "would not be able to face [its] forefathers and ancestors." Russel's remarks probably do not sound "neutral" to China; indeed they may convey bias and ridicule.

China may think that Russel's statement implies that China should participate in the proceedings regarding the Philippines complaint against it. But as the U.S. and China well know, China's refusal to participate in the case is within its rights and certainly not the first time a powerful country has refused to participate in an international court proceeding. In 1984 Nicaragua filed a complaint against the U.S. with the International Court of Justice. The U.S. refused to participate in the proceedings after the court rejected its argument that the ICJ lacked jurisdiction. The ICJ eventually held that the U.S. had violated international law by supporting the Contras in their rebellion against the Nicaraguan government and by mining Nicaragua's harbors. The U.S. blocked enforcement of the judgment by the UN Security Council and thereby prevented Nicaragua from obtaining any compensation.

China will also probably consider Russel's claim of U.S. neutrality in the context of the recent blistering U.S. criticism of China's construction and so-called "militarization" of features in the South China Sea and its silence regarding similar actions by other claimants. Not helpful in this regard was soon-to-be chief of naval operations admiral John M. Richardson's recent remark to the US Senate Armed Services Committee that "many of the things they're [the Chinese] are doing have an adversarial nature to them." This was followed by CINCPAC admiral Harry Harris repeating deputy secretary of state Tony Blinken's earlier comparison of "what China is doing with those islands to what Russia did with Crimea."

In sum, China is likely to consider U.S. claims of neutrality in these matters to be disingenuous and duplicitous—and it is rather easy to see why. The U.S. needs to be consistent and stop hectoring China into a political corner. Otherwise it may not like the result. Indeed, China may conclude that the US considers it an adversary and plan and act accordingly.

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