

## ICAS Bulletin

December 1, 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](mailto:icas@chinaus-icas.org).*

#### **Publications**

##### **Is China Pursuing Counter-Intervention?**

Timothy Heath and Andrew Erickson

*Washington Quarterly*, Fall 2015

The authors weigh in to the US debate on how best to characterize Chinese military and national strategy (see “The Myth of Counter-Intervention,” by Taylor Fravel and Christopher Twomey, *Washington Quarterly* Winter 2015 for a counterpart to this discussion.) The article seeks to impose some conceptual clarity on US visions of Chinese strategy. It attempts to achieve this by splitting Chinese strategy into two parts, a national strategy that is better described as pursuing a “regional restructuring” and a military strategy focused on “counter-intervention.” (All of these terms are used by American analysts, not Chinese strategists.) China’s “regional restructuring” strategy pursues the goal of weakening US influence in Asia, particularly its alliance relationships. The authors offer the “community of common destiny” as an example of this strategy. “Counter-intervention” aims to reduce America’s ability to intervene in a conflict involving China. The authors contend that a great number of China’s military upgrades are in support of what American analysts call A2/AD, which is specifically oriented towards limiting US power projection capabilities in Asia. The article suggests that by being precise in our analysis, more opportunities for cooperation and conflict avoidance can be discovered. For example, by recognizing regional restructuring as goal that is separate from counter-intervention, Americans can see that some “restructuring” activities like the AIIB can be sources of common interest.

**Assuring Assured Retaliation**

Fiona Cunningham and Taylor Fravel  
*International Security* 40:3, Fall 2015

The authors discuss changes in nuclear strategic stability between the US and China. The United States' push for a "new triad" for nuclear security, involving elements like Conventional Prompt Global Strike and missile defense, alters China's calculations regarding the survivability of its deterrent forces. The article assesses Chinese perceptions of American strategy and Chinese views on the implications of new developments in the strategic balance. The authors predict that China will not abandon its strategy of assured retaliation regardless of apparent US attempts to gain strategic primacy. They also find that Chinese strategists are optimistic about US/China crisis instability given that they believe that the US doesn't have sufficient interests at stake in Asia to escalate a crisis with China, especially given American conventional military superiority. The authors contend that modest quantitative and qualitative improvements in China's ICBM arsenal signal continuing strategic stability, but they also point to a number of areas with potential for creating misperceptions in the future, hence the need for ongoing dialogue between the two nations on this issue.

**China's Discomfort in an American World**

Dan Blumenthal  
 American Enterprise Institute, October 22, 2015

Blumenthal describes three competing models of Chinese political identity: China is a modern nation-state that is highly invested in the Westphalian system; a "postmodern" liberal state that owes its economic success to a world of international business and finance; but it also has an ancient "imperial" mindset that gives it aspirations to influence the regional order. He argues that the US should think carefully about what kind of international order it should prefer in Asia, since many of the assumptions that it has regarding concepts such as the nation-state and sovereignty do not apply in the region in the same way that they do in the West. He recommends that the US maintain leadership in the region as Asian states, including China, "work out" their identities.

**Moving Forward with the Obama-Xi Cybersecurity Agreement**

James Andrew Lewis  
 CSIS Blog, October 21, 2015

Lewis describes the US-China relationship as one in which "cautious steps" must be taken together in order to find a way forward, and argues that September's cybersecurity agreement is the first of such steps. He describes countless challenges that both countries will encounter in enforcing the agreement, and notes that it is but the beginning of a long and complicated relationship on the issue. However, according to Lewis, as problematic as the agreement is, there is no credible alternative for the US or China to pursue.

**Joseph Nye on US-China Relations**

Interview, EastWest Institute, November 3, 2015

Joseph Nye discusses the meaning of the rise of China, the notion of the decline of the United States, and the future of their relationship. Nye is optimistic both about the future prospects of the United States, and the likelihood of China's "peaceful rise" continuing. He describes the increasing economic "entanglement" of the US and China as largely constructive.

**Reassessing Hedging: The Logic of Alignment in East Asia**

Darren Lim and Zack Cooper

*Security Studies* 24:4, 2015

The authors take issue with a lack of clarity in the meaning of "hedging" which is frequently used to describe the situation wherein a state maintains a security alliance with one great power while pursuing stronger economic and political ties with a second great power. The concept is commonly elicited to describe the approach smaller Asian states in their relationships with the United States and China. The article contends that this common definition of hedging doesn't describe a true dilemma, and as such cannot indicate genuine security responses to the rise of China. By redefining the term to mean "signaling that generates ambiguity over the extent of a secondary state's shared security interests with great powers," the authors hope to clarify the concept in a way that sheds light on state preferences and their proclivities towards maintaining a balance of power. Working under the revised definition, the authors demonstrate that there is very little genuine hedging in the Asian security environment, with most states committed to partnerships with the US that are difficult to credibly play down. To the authors this indicates that balance of power dynamics are strongly at play in East Asia, which should influence the decisions of both US and Chinese policymakers.

**Events****The Future of Asia-Pacific Economies**

Discussion, Asia Society, November 16, 2015

Kevin Rudd discussed TPP and the future of trade in Asia with former Assistant US Trade Representative Wendy Cutler. In Cutler's eyes, Asia is broadly trending towards free trade in goods and services, and that competing trade agreements (TPP, RCEP etc.) have a cumulative positive effect rather than undermining one another. She cited Singapore and China's efforts to update their free trade agreement as a sign of how progress in one area on free trade compels progress elsewhere. Cutler described China's views on TPP as "evolving" although some still view it as too dominated by the US. She noted that most TPP states will focus now on ratification processes, so the question of expanding TPP to new countries like China will not be taken up soon.

**China, the US, and the 2016 Vote**

Panel Discussion, Asia Society, November 18, 2015

Journalists Howard Fineman, Rana Foroohar, and Jonathan Tepperman discussed how China has featured as a theme in the US presidential primary elections. They sought to explain how China appears to various political constituencies in the US and all expressed concern with how the American rhetoric might be perceived in China. In the eyes of one panelist, the process plays into a narrative in China that the US political system is increasingly dysfunctional. Tepperman observed that poor communication of policy by both the US and the PRC has led to popular misperceptions in both countries about the nature of the relationship. He also noted that the rise of China can fit into Republican Party narratives that the world is becoming unstable because of President Obama's weakness. All panelists noted that blaming China for economic problems has been a longstanding tradition in US politics, but Fineman argued that this dynamic has changed recently because Chinese domestic policies have alienated powerful US business constituencies that were previously very supportive of maintaining good relations with China.

**The China Challenge: Shaping the Choices of a Rising Power**

Thomas Christensen Book Talk, CSIS, November 19, 2015

Thomas Christensen discussed his new book with Michael Swaine, Dan Blumenthal and Scott Kennedy. Christensen argued that two common American narratives about China are incorrect: he does not believe that China seeks to "drive the US out" of East Asia, and he does not believe that China desires to replace the US as the leading global power. He describes the security situation in Asia as very complicated, largely due to the fact that Asia's many sovereignty disputes are high priorities for all disputants. However, to Christensen Asia's many security issues can easily be managed by the US government, which has considerable expertise and institutions for dealing with such problems. The real "China challenge" instead lies in encouraging China to participate in global governance issues—nuclear non-proliferation, climate change, peacekeeping and financial stability—in a way that is commensurate with its new status and wealth. Part of the problem, according to Christensen, is that China still considers itself to be a developing nation, and is asked to be much more of a global leader than other states with its per capita GDP. Given its total size, however, Christensen believes that many global governance issues cannot be effectively addressed without active Chinese leadership.

**Managing Relations between Two Big Powers**

Lecture, David Lampton

Shanghai, November 23, 2015

At an event hosted by the National Committee on US-China Relations, Lampton asserted that the direction of the US-China relationship is "not healthy." He addressed a few perspectives on how to point the relationship in a more positive direction. He noted that while US has done much to incorporate China into some international

institutions, more work must be done, especially at the IMF and in internationalizing the Renminbi. He lamented the initial American response to the AIIB, but also noted that China must be patient as a readjustment in international institutions unfolds. Ultimately the US should cooperate with the AIIB and China should join the TPP. From a strategic perspective, Lampton contended that between America's far-flung commitments and China's growing military capabilities and an intensification of its sovereignty disputes, neither country is doing a good job at setting strategic priorities. From the perspective of people-to-people and economic ties Lampton sees increasing interdependence and strengthening of the relationship, and he called upon the PRC to make sure that these "bedrock ties" do not get damaged. [Video of the event will soon be available here.](#)

## Commentary

### Some Thoughts on Sea-Lane Security in the South China Sea

Xu Xiaodong and Chen Pingping

A rapid increase in energy consumption in China has coincided with growing economic prosperity. It has become increasingly dependent on seaborne trade through the Indo-Pacific. In 2011 China became the largest global energy consumer and the world's second-largest oil consumer behind the US. Since early 1990s China has been a net oil importer and became the world's second-largest net importer of crude oil and petroleum products in 2009. By the end of 2013, China surpassed the US as the world's largest net importer of petroleum and other liquids. Since such large volumes of energy imports depend on global production, almost 80% of China's crude oil imports and overseas trade must use the sea-lane in the South China Sea for transit. As Chinese oil imports grow, the importance of the sea-lanes in the South China Sea grows along with them. Although the Chinese government has made great efforts to ensure adequate oil supply and mitigate geopolitical uncertainties by diversifying its sources of crude oil imports, the Middle East remains the largest source of China's crude oil imports, accounting for 52% of the total national crude oil imports, followed by Africa (22%) and the Americas (11%). As the majority of the oil from these areas flows through Indo-Pacific routes, the maritime security of the shipping routes in the water, particularly in the South China Sea, becomes one of China's main concerns.

#### Maritime security threats and challenges in the South China Sea

It is well known that the South China Sea region confronts significant maritime security threats and challenges, especially piracy, smuggling and terrorism. Piracy and smuggling has been a traditional problem in the South China Sea, particularly in the Strait of Malacca. The region's archipelagic characteristics, strategic location, numerous islets, shallow waters and busy shipping traffic make it a natural haven for seafaring robbers. Therefore, transit through the Strait of Malacca suffers significant obstacles. Statistics show that there was a sharp increase in maritime piracy in the late

1990s following the massive unemployment and political instability caused by the Asian economic crisis. According to the International Maritime Bureau's (IMB) Piracy Reporting Centre, piracy, including attempted theft and hijackings, continues to be a threat to tankers in the Strait of Malacca. In 2008 alone, there were 13 actual attacks on vessels underway in southern area of South China Sea. According to latest date published by IMB, in 2010, there were in total 36 actual and attempted attacks in the Strait of Malacca, Singapore Straits and South China Sea. This number rose substantially to 44 in 2011 and 90 in 2014 respectively according to the latest statistics published by ReCAAP ISC Annual Report. Piracy and armed robbery hence still remains a big threat.

Regarding smuggling, there is no strict demarcation between people involved in piracy and those involved in other forms of maritime crime. Large quantities of contraband, such as methamphetamines and other amphetamine-type stimulants (ATS), together with illegal movement of people, have raised a serious problem in the South China Sea. Maritime piracy is also interwoven with terrorism. The former is increasingly used as a tool for terrorist groups. Since the international community has worked hard to freeze the capital of terrorist groups, they tend to acquire funds through activities of pirates, and there is risk of attacks involving crashing a vessel containing dynamite or even weapons of mass destruction in a port or a harbour.

These major threats, together with other factors, such as natural disaster, the deterioration of the marine environment, and even potential conflicts arising from overlapping sovereignty and jurisdiction claims in the region, bring about much difficulty for maintaining maritime safety and security in the South China Sea. Nevertheless, these threats and challenges are manageable if there is a functioning and efficient cooperation regime in this region.

### **Current Regional Measures to Safeguard Sea-Lane Security**

As a traditional chokepoint in the South China Sea, most of the threats take place in the Strait of Malacca, the security of which is most essential in the South China Sea. For this purpose, since late 2003, a series of relevant meetings have been conducted, such as the "Conference on the Straits of Malacca – Building a Comprehensive Security Environment" in Kuala Lumpur in 2004, the Tripartite Technical Expert Group (TTEG) on Maritime Security in 2004, the Tripartite Ministerial Meeting of the Littoral States on the Straits of Malacca and Singapore in Batam in 2005. These topics have been much more frequently discussed in recent years. In January 2015, the Symposium on a New Maritime Security Architecture in East Asia was held in Tokyo, with the participation of nine foreign experts from Southeast Asian countries, China, Taiwan, the US, and Australia. The meeting disseminated the idea of a maritime security architecture including the Asian Maritime Organization for Security and Cooperation (AMOSOC) to officials and the public in regional countries and beyond with a view to promoting a framework to safeguard peace and order in the region. In May 2015, an Experts Meeting on the South China Sea was organized by Centre for Humanitarian

Dialogue (HD) in Singapore that resulted in a Maritime Confidence Building Initiative. Later in the year, a special defence cooperation meeting involving ASEAN member countries, which will discuss the issues concerning maritime security in the South China Sea, will be organised in a bid to combat piracy.

To guide these meetings and proposals, fortunately, there are some effective mechanisms to guarantee sea-lane security, such as the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), the first regional government-to-government agreement to promote and enhance cooperation against piracy and armed robbery in Asia. Currently there are 20 members in the ReCAAP. Besides this agreement, Singapore, Malaysia and Indonesia have also been conducting joint patrols since 2004 in the waters around the Strait of Malacca, known as the Malacca Straits Coordinated Patrol (MALSINDO). Such mechanisms have been useful for combating piracy and armed robbery in Asia-Pacific waters. Another significant achievement is the signing of the Code for Unplanned Encounters at Sea (CUES), adopted in April 2014 at the Western Pacific Naval Symposium, whose members include China, other South China Sea littoral states, and the US. Though non-binding, it establishes a communications protocol between naval ships and aircraft and advises commanders to avoid dangerous actions as shining lights on a ship's bridge or aircraft cockpit, or simulating attacks by aiming guns, missiles, etc.

In fact, the flow of oil and gas through the South China Sea goes to other countries far beyond the region, including the US, Japan, South Korea and many others as well. These stakeholders also show their willingness to guarantee the security of shipping routes. The US remains the major controller of the sea-lanes within the region. Since 2001, American concerns over potential terrorist threats in the Malacca Straits have been increasingly clear. In 2002, the US and Indian navies collaborated to protect US merchant shipping at the northern end of the Strait of Malacca. A much more influential proposal was raised by the US in 2004 by suggesting a Regional Maritime Security Initiative (RMSI) to combat piracy, maritime terrorism, and sea-trafficking in people and narcotics. Japan also contributes efforts to the regional maritime security by supporting some non-government organizations regarding safe navigation, maritime environment protection, etc. As a Japanese government official said, Japan's oil routes pass through the South China Sea and Japan should commit to the initiative to ensure stability in the area.

#### **A new Prospect: Contribution from China**

China has been a party to ReCAAP since 2006, making great contributions to regional maritime security. In 2012, the Chinese government expressed its ambition to build itself as a maritime nation, manifesting China's growing concern about the maritime security. This issue gained further importance after the announcement of the new "One belt, one road" strategic initiative by President Xi Jinping in 2013. The maritime component of the initiative is the "21st Century Maritime Silk Road", comprising a

maritime trade and transportation route reaching through the South China Sea. Maintaining maritime security has thus become a national strategy. Sea-lanes in the South China Sea, which used to be the corridor for oil supply only, now become a channel for developing economic, political and diplomatic relations with all countries around the South China Sea. Therefore, to safeguard regional maritime security in the South China Sea is rather urgent. Practical measures may be considered as follows:

First, littoral states around the South China Sea should deepen economic cooperation. Economic underdevelopment and ensuing social unrest have been one of the main reasons for the rise in piracy in recent years. If the littoral states could work together toward a common goal of regional economic integration, they would be more likely to eliminate the roots of piracy and other crimes at sea.

Second, capacity building is playing a growing role in safeguarding transportation channels on the sea. Therefore, modern ocean technologies including skills of search and rescue, maritime training, compatibility of communication equipment, should be used to increase sea-lane security. In this regard, China has made great effort to facilitate commercial shipping along the sea-lane by providing facilities such as rest and resupply areas as well as ship repairing. This is the purpose of China's land reclamation in the South China Sea, which is not rooted in erecting a military and political presence, but in its desire to safeguard the security of energy supply.

Third, more security mechanisms should be put in place. The littoral states in the South China Sea region should bolster coordination under the framework of the ReCAAP and bring international law to bear in guaranteeing security. In the process of establishing these mechanisms, confidence building measures which should be taken so that the sea lanes will not become an arena for geopolitical competition and conflict. The South China Sea has long been bogged down by multiple disputes over territorial sovereignty and maritime jurisdiction. With the regional situation intensifying, the regional sea-lanes have become the focus of international controversy. In order to lessen this controversy, the littoral states should implement the Declaration on the Conduct of Parties in the South China Sea, strengthen mutual trust, build better agreements and defuse misunderstandings. Two kinds of measures may be considered:

- (1) implementation of the Code for Unplanned Encounters at Sea (CUES) and its extension to non-military enforcement and maritime security agencies.
- (2) information sharing to enable the implementation of existing international protocols on safety at sea.

Fourth, more international discussions and consultations should be held concerning the regime of maritime navigation, in order to bring order to the regional sea-lanes. The UNCLOS, as a worldwide charter of the oceans, provides for a variety of measures to regulate maritime navigation, but there is still room for improvement. The

international community should hone UNCLOS by holding more discussions on the rules for navigation in exclusive economic zones and archipelagic waters. In addition, all the measures must be consistent with the existing DOC and anticipate the agreement of a COC in the South China Sea.

### **Concluding Remarks**

Sea-lane security in the South China Sea is a key concern for many countries. A multilateral cooperation network thus should be welcomed with participation of countries both within and beyond this region. Nevertheless, we have to bear in mind that the peace and stability in the region is to be jointly upheld by China and ASEAN countries working together. So is the security of sea-lane, which relies on the cooperation and coordination between littoral countries in the South China Sea, and relies on the financial and technological aid and assistance regarding from extra-regional countries such as Japan and the US for civilian and non-military purposes. Such a manner of moving forward would be consistent with China's "dual-track approach" to the region.

*Xu Xiaodong and Chen Pingping are both Assistant Research Fellows at the National Institute of South China Sea Studies in Haikou, China*