

ICAS Bulletin

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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.

Publications

Shaping the Asia-Pacific Order: Don't Count the US Out

Robert Manning

The Diplomat, July 12, 2015

Manning, a Senior Fellow at the Atlantic Council, addresses the notion that China's inauguration of the AIIB constitutes a challenge to US leadership in global governance. To the contrary, Manning finds that the current global system is sustainable and can serve US interests, though it is in need of reform (such as IMF quota reforms). Manning notes that stability in Asia will depend on the establishment of inclusive institutions that are supported by everyone in the region. He observed that the US doesn't need to be part of every institution. It can, however, help encourage high standards in institutions such as the AIIB, and can provide positive examples through regimes like TPP. Manning argues that attaining TPP standards would be good for China, and it should be welcome to join when ready.

A Strategy for the South China Sea

Dennis Blair and Jon Huntsman

Defense News, July 13, 2015

The former Admiral and former Ambassador to China encourage the US to develop a clearer policy aimed at addressing what they claim is China's strategy of slowly establishing control over the South China Sea. They remark that the longstanding disputes there create a "combustible environment." They recommend that ASEAN claimant states and outside countries come to an agreement that takes

Chinese claims into account but doesn't rely on Chinese participation. Such an agreement should include guarantees for commercial and military freedom of navigation, and promote joint development activities. Such agreements would ensure that the United States could support peaceful use of the seas without resorting exclusively to "military maneuvers."

From "Game Player" to "Game Maker": News Features of China's Foreign Policy

Zhibo Qiu

China Brief, Jamestown Foundation, July 17, 2015

This article traces the efforts China has made recently in developing a more sophisticated, "proactive and pragmatic" foreign policy that supports its economic interests. This involves identifying areas where leadership is in demand—as is the case with the AIIB—developing better messaging, use of social media to enhance soft power, and strengthening ties in the Middle East.

The South China Sea: Don't Cry for Small Fry

Peter Jennings

The Strategist, ASPI, July 27, 2015

Jennings, who was himself a participant at CSIS's South China Sea Conference, analyzes the speech Assistant Secretary of State Daniel Russel gave at that event. Jennings argues that the address was another example of US policy struggling to keep up with Chinese activities, and that the speech was largely about ways in which the US was not going to be involved in the area. Jennings claims that Chinese actions in the area will continue to be bold, since they perceive disunity in ASEAN and a lack of will on the part of the US, which, in his view, was on display in Russel's speech.

Keeping the South China Sea a Peaceful Part of the Global Commons

Andrew Erickson

The National Interest Online, July 28, 2015

Erickson, a professor at the Naval War College, adapted this article from the written testimony he provided to the US House of Representatives on July 23 (see below). Erickson expresses concern that South China Sea reclamation activities are directed towards altering the balance of power in the region, and may indicate Chinese plans to declare an ADIZ in the sea. Erickson argues that this in turn would imply a Chinese assertion of rights beyond the 12 nautical mile territorial seas designated by UNCLOS. Erickson claims that militarization of the reclaimed features would present a "tipping point" in the balance of power, and would require the US to adopt a more assertive stance, described by Erickson as "managed strategic friction" yielding a relationship of "competitive coexistence." To Erickson, the US has been losing a rhetorical battle with China, as evidenced by the prevalence in the media of such terms as "Thucydides trap" and "new type of great power relations." These phrases, Erickson claims, misleadingly

imply that the US is presented with a stark necessity of accommodating China without asking for anything in return. Erickson advocates further US support for a rules-based maritime order, which would entail ratification of UNCLOS. He points out that 38% of the world's oceans are covered by EEZ's including critical areas like the Strait of Hormuz, therefore freedom of navigation issues are of critical importance.

Events at US-based Institutions

Fifth Annual CSIS South China Sea Conference

Center for Strategic and International Studies, July 21, 2015

This day-long conference featured three panels, keynote addresses from Congressman Randy Forbes and Assistant Secretary of State Daniel Russel (discussed below), and a crisis simulation. Discussion focused intently on the military implications of China's land reclamation projects and likely outcomes of the Philippines' case before the Arbitral Tribunal. The event revealed many contrasts in predictions and prescriptions. Bonnie Glaser of CSIS noted that a South China Sea ADIZ would require two runways in the area, which now seem to be in development. Wu Shicun, on the other hand, called on China not to declare an ADIZ. Bill Hayton of BBC expected the Hague Tribunal to decide that it had jurisdiction in the Philippines case whereas Yee Sienho expected the contrary. Yee also suggested that ASEAN could help facilitate a better agreement, while others, like Hayton suggested that even a China/ASEAN Code of Conduct was impossible. The crisis simulation involved several former officials, including Kurt Campbell, simulating a National Security Council Principals meeting in the event of a hypothetical Chinese assertion of fisheries enforcement jurisdiction over the entire South China Sea. The simulation was off-the-record.

China's Transition at Home and Abroad

Brookings Institution, July 21, 2015

This event featured Brookings China and political economy scholars discussing the global impact of China's economic slowdown in the first panel, and China's emerging role in global governance in the second.

Hearing: America's Security Role in the South China Sea

US House of Representatives Subcommittee on Asia and the Pacific, July 23, 2015

This hearing featured testimony from Andrew Erickson from the Naval War College, Patrick Cronin of CNAS, Mira Rapp-Hooper of CSIS, and Michael Swaine of the Carnegie Endowment for International Peace. For the most part, the first three experts emphasized the importance of enhancing US alliances in the region and the US military continuing to engage in freedom of navigation exercises in the South China Sea.

Michael Swaine was more cautious in his assessments of US options. He noted that land reclamation in the Spratly Islands may or may not be problematic, depending on what the Chinese intend to do with the features. Even an ADIZ wouldn't be problematic, depending on how it was used. Swaine warned against the US becoming more involved than its allied claimant states were. He recommended that the US be disciplined about focusing on the most critical American interests, which include freedom of navigation (including for the Navy) and peaceful settlement of disputes. Swaine called for China's clarification on the meaning of the nine-dash line, and for a scaling back of US surveillance flight in China's EEZ, even though he agrees with the US position that they are permitted by UNCLOS.

China's Economic Readjustment: The emerging role of China's economy

Council on Foreign Relations, July 23, 2015

This event featured Nicholas Lardy of the Peterson Institute, David Daokui Li of Tsinghua University and Gao Xiqing, formerly of the China Investment Corporation in a discussion of the internal adjustments to China's economy currently underway.

The Chinese Cyber Threat

American Enterprise Institute, July 22, 2015

This event featured a discussion with Senator Corey Gardner followed by a panel discussion featuring Richard Bejtlich of FireEye and the Brookings Institution, and Paul Tiao of Hunton and Williams where he is a cybersecurity consultant. Senator Gardner focused on ways in which the US government needs to catch up on cybersecurity at the policy level. He disagreed with the Obama administration's decision not to publicly name the Chinese government as responsible for the recent massive breach of data at the Office of Personnel Management's records. He argued that publicizing such events does have a deterrent effect, and pointed out that other states (Germany and Brazil, for example) have publicly denounced the US for its own cyber espionage practices. Gardner argued that the Xi administration understands cyber issues as an element of national strategy better than the United States does, and that cyber issues need to be elevated in the bilateral relationship. He was disappointed that the S&ED fact sheet included no mention of cyber issues.

In the panel discussion, Bejtlich and Tiao discussed some of the asymmetries in how the US and China envision and conduct cyberspace activities. Bejtlich said that his firm tracks persistent and sophisticated cyber-intrusion as originating from PLA "61" groups. Bejtlich estimates that these groups allocate as many as one hundred people to each network that they try to gain entry into, meaning that private companies in the US facing such efforts effectively have no way to prevent an intrusion. Bejtlich also pointed out how the Chinese government makes a closer association between national and private interests than the US does. For example, when Bejtlich's firm publicized PLA hacking activities in 2013, he understood that the Chinese government took it as an official act on the part of the US. Along these same lines, Tiao observed

that in the cases that resulted in the US indicting five PLA officials, the companies that had been targeted by the Chinese intrusions had been involved in trade disputes or other transactions with American firms.

The Pivot to Asia: Rhetoric Isn't Enough

Discussion with Congressman Randy Forbes

American Enterprise Institute, July 29, 2015

Congressman Forbes continued his critique of Obama's "rebalance" strategy (see below) and argued that the United States' commitment to Asian security needs to be backed up with increased military capabilities. He claimed that the US doesn't have a clear strategy for dealing with China and that this impairs its ability to attract allies. He expressed concern that the US will have difficulty matching China's military shipbuilding over the long-term, given how fluctuations in US defense spending have created problems for the Pentagon's industrial partners. He advocated for increased defense spending in the US.

Commentary: Two Views from the CSIS South China Sea Conference

By Alek Chance

On July 21, CSIS held its fifth annual South China Sea Conference, an event that can elicit important statements from US officials or otherwise make news. This year, the two keynote addresses—from Congressman Randy Forbes and Assistant Secretary of State Daniel Russel—brought out different aspects of the US/China relationship and in turn, rather different articulations of the United States' broad strategic orientation.

The first keynote of the conference was given by Randy Forbes, a member of the US House of Representatives from Virginia and the founder and co-chair of the Congressional China Caucus. Forbes focused his speech on what he perceived was an unclear US strategy and reluctance on the part of American leaders to adequately recognize the competitive nature of the US/China relationship. He began by saying that all policymakers need to be asked three simple questions: what is the United States' China strategy, is the US winning or losing in this strategy, and by what metrics (or means of assessment) can we know this?

Forbes expressed impatience with what he portrayed to be the typical Washington response to these questions: that the US/China relationship is too complex to be discussed in Forbes' terms; and that "winning and losing" isn't the right way to think about US/China relations. To such views Forbes responded that "winning" doesn't mean military victory or zero-sum competition. He claimed that the Obama administration doesn't have a conception of winning but offered no definitive suggestion of his own in this regard. As for China, Forbes suggested that it has a clear understanding of its strategy, and that it thinks it is winning, or is at least attempting to win.

While Forbes praised the Obama administration's general understanding of the necessity of a "pivot" to Asia, he criticized the many policymakers and experts in Washington who are uncomfortable with envisioning the US/China relationship as inherently competitive. He described them as "tiptoeing" around the issue of Chinese competitiveness. This has led to the "pivot" being renamed the "rebalance" at the rhetorical level, and lack of coherent strategy at a substantive level. To Forbes, competition isn't necessarily a bad thing, but simply one aspect of a relationship. As he put it, "competition is OK. It doesn't mean we are enemies. It just means we have a competition."

In his address, Assistant Secretary of State for Asian and Pacific affairs Daniel Russel placed South China Sea issues within the broader context of American interests and the US/China relationship. Russel pointed out that the US has always had important interests and relationships in Asia which support a broader US agenda of promoting a "rules based order" that has contributed greatly to global prosperity. He argued that the real essence of the American "rebalance" was an intensification of efforts to build cooperative relations with every single country in the region, including China. In recent years, according to Russel, the US and China have built the foundation of a cooperative relationship that can withstand the stress of disagreement or even a crisis.

To Russel, the disputes in the South China Sea do not fit into this broader trend of regional and US/China cooperation. He said that China's activities in the sea are not intrinsically a US/China issue, but rather raise questions about China's behavior: its intentions regarding adherence to the rule of law, and "what kind of neighborhood" it will create. Russel returned to this point about "behavior" a few times. In this regard, Russel reiterated that the US is indifferent to sovereignty claims in the sea, it is instead concerned with the manner in which China is pursuing its claims. He stated that the issue at hand is not about "rocks and shoals" but is really about "rules." US interests as articulated by the Assistant Secretary were instead oriented towards unimpeded use of the sea (including overflight), retaining the confidence of its allies, supporting China's peaceful rise, supporting the effectiveness of ASEAN as source of regional stability, and protecting the environment.

Russel claimed that a ruling from the Arbitral Tribunal in the Philippines case may have the positive effect of narrowing the scope of contention and limiting areas of overlap between claims. In the meantime, Russel called unequivocally for a freeze on further construction or any militarization of South China Sea features. In the question and answer period, Dr. Wu Shicun asked Russel what the US response to such a freeze would be. Russel stated that nothing would improve US/China relations more than such a measure. Another questioner asked Russel why Chinese activities in the Sea had yielded such a different response from those of other claimant states, and whether the US's concerns about the "scale and scope" of China's reclamation activities truly indicated a concern for the rule of law (rather than a double standard). Russel responded that China's activities were qualitatively, not just quantitatively

different from other claimant states because of the military capabilities suggested by the reclamation projects. In support of this point he also returned to the “behavior” theme: China’s reclamation activities have also been met with a different response because of its apparent disregard for the rule of law and its willingness to use retaliatory or coercive measures in dealing with its neighbors on this issue. Russel argued that American support of the Philippines’ case before the Arbitral Tribunal is not evidence of the US taking sides in the dispute, but a commitment to supporting each nation’s right to pursue peaceful resolutions to disputes through appropriate mechanisms. Towards this end, he said that insofar as the United States takes sides, it comes down “forcefully” on the side of the law.

The two addresses shared one common element but otherwise revealed very different outlooks on the character of the international system and the roles that the US and China play in it. Both agree that the South China Sea is not *intrinsically* of any interest to the United States—Russel explicitly makes this point, whereas the specific issues at hand in the maritime disputes were conspicuously absent from Forbes’ speech. In turn, both are most interested in what Chinese behavior signals to the rest of the world, or suggests about its future path, but after this the two diverge greatly. To Forbes, Chinese behavior suggests an embrace of the inevitable competition of power politics, something that he doesn’t fault the Chinese for (see his AEI speech above). To Russel, Chinese behavior is about breaking (or potentially breaking) the rules, and American policy is about supporting rules, if not enforcing them. It is tempting to simplify and say that Forbes happily accepts the “old model of great power relations,” while Russel endorsed the conception of the “rules-based international system” wherein the role of power is ideally transcended (but in reality just goes unmentioned). Perhaps a “new model of great power relations” would fall somewhere between these two positions, but any agreement between China and the US on the broad character of their relationship must first countenance the great disagreements within the US about how America should engage with the rest of the world.

