



ICAS BULLETIN

Institute for China-America Studies

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

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COMMENTARY

The US and the Post-Arbitration South China Sea

By Michael McDevitt
page 4

[Past Issues](#)

Publications

War with China: Thinking Through the Unthinkable

Rand Corporation, July 2016

David Compert, Astrid Cevallos, and Cristina Garafola consider how a mishandled crisis could potentially trigger a war between the US and China. The report notes that both countries would suffer heavy military and economic losses but China would be most affected by the conflict, with blows to its economy, trade with its neighbors, and its internal stability. The report suggests that the US should reduce its vulnerability to Chinese A2AD forces, prepare contingency plans with key allies in the region, deny China access to war-critical commodities and technology, and ensure that leaders on both sides understand how to contain a potential conflict.

Chinese Views on Presumptive US Presidential Candidates Hillary Clinton and Donald Trump

Michael Swaine

China Leadership Monitor, Summer 2016

Swaine examines how Chinese leaders and the Chinese public view Clinton and Trump. He writes that, while many Chinese tend to admire Trump's straight-forward decisiveness and Clinton's predictability, Trump's irrational commentary and Clinton's hard lines on human rights and maritime security could potentially disrupt US-Chinese relations. This article concludes that, regardless of who is elected as President, the next administration will most likely deepen the already deep level of mistrust that China holds toward the US

Comparative Hegemony: How Serious is the China Challenge?

Mark Beeson

Global Asia, June 2016

Mark Beeson analyzes China's rise through its international projects such as One Belt One Road and expanded presence in the South China Sea to determine whether China is realistically able to challenge US hegemony. Beeson points out that Chinese hegemony is not unprecedented, but that China's institutional flaws, its lack of international allies, and history of isolationist policy hinder China's ability to seek even regional, let alone global, hegemony.

The Changing Geopolitics of East Asia

J. Stapleton Roy

Address at Yale University, July 26, 2016

Roy, former US Ambassador to China, gave remarks on the future of China and the future of US-China relations at Yale University. He observes the great challenges inherent in Xi Jinping's reform efforts, and expressed uncertainty about their future implications. Roy spelled out what he thought were the United States' two major options regarding its Asia-Pacific foreign policy, either a continued policy of dominance, or a stable balance of power with China. He suggested that the United States—on its current trajectory at least—seems unlikely to muster the political or economic capabilities necessary to maintain the former policy.

What Chinese People Think About Hillary Clinton

David Dollar and Wei Wang

Brookings, July 29, 2016

This article explains that, while Chinese officials are not very fond of Clinton, the broader Chinese public holds varying views of the candidate. Chinese officials tend to view Clinton as "historically tough" on China and an "anti-China" politician. However, while some Chinese still dislike Clinton on sexist or ageist grounds, Clinton has garnered considerable support from women, liberal intellectuals and social libertarians in China.

What's the Future of Chinese Hacking?

Adam Segal

Council on Foreign Relations, July 30, 2016

Segal aims to dispel the notion that the recent decline in Chinese cyber-intrusion is an indication that China is no longer prioritizing cyberspace. This article considers China's long-term strategic concerns as technological innovation, domestic stability, and national security. These long-term strategic concerns explain why Chinese hackers steal intellectual property from high technology companies, hack foreign organizations that report on Chinese domestic affairs, and hack government personnel databases as a form of counterintelligence. Segal argues that China is preparing to fight an "informationalized local war" in which cyber-attacks are, and will continue to be, a potent tool.

The US-China Cyber Agreement: A Good First Step

Scott Warren Harold

RAND Corporation, August 1, 2016

This article highlights the uncertainties behind the recent decline in Chinese actors' intrusions into the computer networks of US private sector firms. Explanations for this change vary: China may be focusing its efforts elsewhere; it is put off by the US indictments of five Chinese military officers; or has simply improved its practices so intrusions aren't detected as frequently as in the past. The author asserts that one explanation is that China has now concluded that the private sector is an "illegitimate" target due to its stark separation of state and private sector back home.

Events**Green Ports: New Front for China's War on Pollution and Climate Change Mitigation**

Wilson Center, China Environment Forum, July 26, 2016

This event highlights the Wilson Center's project monitoring China's growing number of ports and how energy, water and pollution issues are interlinked. Port pollution is a priority environmental issue addressed by the US-China Strategic and Economic Dialogue. The panelists called for more direct transportation, an increase in cargo turnover, and better climate change adaptation. All panelists agreed that, because both countries have similar priorities and regulations surrounding port pollution, this is an area in which the US and China can work closely and strengthen the bilateral relationship.

The Fight for Geopolitical Supremacy in the Asia Pacific

Aspen Security Forum, July 30, 2016

Brookings' Jonathan Pollack and Principal Deputy Under Secretary of Defense for Policy David Shear discussed security issues in the Asian Pacific region, including the situation in the South China Sea, China's G20 Presidency, TPP negotiations and US Freedom of Navigation Operations (FONOPs). Pollack contended that the current situation in the Asia Pacific region is "not as bad as it sounds," and that the region has made huge strides in stability and economic development. Shear, however, warned that the region required "constructive diplomacy" to continue moving forward. Participants wondered about China's One Belt One Road project, wondering whether it was a challenge to US supremacy in the area, and how the US and China might cooperate on North Korea.

Defending Taiwan: What Should the US Do?

Hudson Institute, August 9, 2016

Rick Fisher, Ian Easton and Paul Giarra discussed US options regarding Taiwan security. All involved in the program advocated firm US support—including military—for Taiwan. Hudson's Seth Cropsey had set the tone for the program in his introductions by claiming that Taiwan is both a strategic and "moral" issue for the US. Panelists shared concerns about growing Chinese military capabilities, and discussed the strategic and political importance of Taiwan to mainland China. Easton discussed various security crises in an attempt to assess levels of US military assistance to Taiwan and levels of US involvement.

Commentary

The South China Sea: Post-Arbitral Policy Considerations

Michael McDevitt

This article represents the author's personal views and in no way should be construed as the position or views of CNA or the Department of the Navy.

Introduction

"There should be no mistake: The United States will fly, sail and operate wherever international law allows...America, alongside its allies and partners...will not be deterred from exercising these rights...after all turning an underwater rock into an airfield simply does not afford the rights of sovereignty or permit restrictions on international air or maritime transit.¹"

Since US Secretary of Defense Ashton Carter added this new formulation to Washington's South China Sea public policy positions in May of 2015 it has been used repeatedly by US officials, including President Obama. Made initially in reaction to China's artificially created islands the formulation has become the term of art when US officials speak more broadly about maritime oriented security issues in East Asia. One reason it has become so popular is because it

¹ Secretary of Defense Ashton Carter, "A Regional Security Architecture Where Everyone Rises," Presentation, IISS Shangri-La Dialogue, Singapore, May 30, 2015, <http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1945>

succinctly conveys Washington's harder-nosed approach to spelling out traditional US maritime interests while implicitly saying that no country can keep the US out of East Asia.

When applied to the South China Sea it also conveys a different US public policy perspective than the more traditional statements focused on peaceful resolution and exhortations imploring China to follow a rules based approach to solve difficulties in the South China Sea. These long standing US public policy statements have not disappeared; instead they have been augmented by the more muscular mantra of "sail and fly where international allows."

Why? Arguably Washington became tired of being ignored for years urging Beijing to be moderate in the pursuit of its efforts to reclaim sovereignty over all the land features in the South China Sea and to assert jurisdiction over huge swaths of the South China Sea. China has been good at ignoring things that do not comport with its version of the law and history. The latest example is its disdain for the long awaited findings of The Hague Arbitral panel. No wonder, most aspects of China's excessive claims to resource jurisdiction over much of the South China Sea was found to have no basis in the Law of the Sea Treaty.

Arguably, island building in the Spratlys was the straw "that broke the camel's back" and caused Washington to assume a more overt, "hard power" policy approach to China's activities in the South China Sea. Sailing and flying wherever international law allows is essentially saying the US can operate its air and naval forces anywhere we choose in international airspace and on the high seas and, short of using force to try and prevent it, there is nothing that China, or anyone else for that matter, can do about it. Because diplomatic exhortations have had no impact on Beijing, starting in August 2013, the US Seventh Fleet instituted full time US Navy warship presence, along with periodic aircraft reconnaissance missions, somewhere in the South China Sea. On average there are two USN warships patrolling that body of water daily; something on the order of 700 "ship days" of South China Sea presence on an annual basis. This compares with 5-6 PLA Navy warships plus some number of Chinese Coast Guard vessels operating on a daily basis in the South China Sea.²

The Island Building Issue

China was very late in establishing footholds in the Spratly Islands. It was left with slim pickings, as all the "best" islands and rocks had already been occupied by Vietnam, the Philippines and Malaysia long before Beijing did the same in 1988. Over the next 20 years, China, like other claimants, modestly expanded its foothold on its seven very small features so that small military

² "It is my belief that the consistent presence of the Seventh Fleet and our recent force posture movements have been significant factors in deterring conflict between claimants in recent years...a strong and sustained US military presence...is welcomed by the overwhelming majority of countries in the region... [however]... diplomacy will continue to be our instrument of first resort. See Daniel Russel, "Maritime Issues in East Asia," Testimony before the Senate Foreign Relations Committee, Washington DC, May 13, 2015, <http://www.state.gov/p/eap/rls/rm/2015/05/242262.htm>. See Lauren Chatmas, "USS Lassen Promotes Maritime Security in the South China Sea," US Navy News Service, July 9, 2015, http://www.navy.mil/submit/display.asp?story_id=90056. For the 700 ship day figure see, ...<http://www.public.navy.mil/surfor/ddg110/Pages/USS-William-P.-Lawrence-Conducts-South-China-Sea-Patrol.aspx#.V36X-mjD-po>

garrisons on these remote outposts could be more comfortably housed and communications equipment, radar, and defensive armament could be accommodated. After China joined the Spratly “garrison club” all the claimants managed to coexist in a stable “live and let live” environment.

But by the early months of 2016 Beijing had improved its holdings several orders of magnitude over what existed before, creating *de facto* (but not *de jure*) islands. The reality today is that China has decisively changed the strategic balance in the Spratly Island chain by creating facilities on the new islands that militarily overshadow the garrisons and defensive capabilities of the features occupied by Vietnam, the Philippines or Malaysia.

What is China up to? Island building is simply the latest step in what has been a long-term multi-decade campaign aimed at recovering *de facto* control over all the land features in the South China Sea—a campaign that will continue. Because Chinese sovereignty claims are involved, it is not surprising that Beijing has not backed down despite sustained criticism. Its responses to criticism can generally be characterized as telling everyone, including Washington, to mind their own business—the Spratlys are Chinese territory and they can do what they like.

Clearly Beijing wants the Spratlys along with fish and hydrocarbon resources inside the erstwhile Nine Dash Line because it firmly believes they are Chinese territory to which it has “historic rights” to resources. (China’s historic rights arguments were found to be legally unsound by the arbitral panel.) There is also a sensible strategic rationale at work. Intimidation is obviously one strategic reason to build island bases. Perhaps other claimants will conclude their military position is hopeless and decide to leave. More practically, PLA strategic planners must consider the possibility that the Spratlys could be a foothold that another country might use to interfere with trade destined for China, or as bases to facilitate operations against PLA capabilities on Hainan. In fact, the proximity of the Spratlys to traditional trade routes has been on the minds of western geo-strategists since the end of World War I. It was anxiety about an aggressive Japanese threat to its Indochina colonies that triggered France to annex both the Spratlys and Paracels in the 1930s.

Controlling these islands is the best way for China to make certain no one else controls them. Doing so greatly improves China’s surveillance of its maritime approaches. Finally, since China is hugely dependent on the maritime trade routes that pass to the west of the Spratlys, including trade that will travel via the much-touted 21st Century Maritime Silk Road, it is not a surprise that China blends strategic interests with an economic and nationalist narrative of recovering lost territory in its rationale for seeking control of all the Spratlys.

What Should Washington Do?

First, Washington should not announce policies it is not prepared to back-up. The situation is too tense for bluffing. Washington should review the arbitral findings very closely, and when warranted be very specific in publicly identifying where China is in violation of the Law of the Sea. In addition, policy should incorporate the following principles:

- The South China Sea is not the central strategic element in the overall US-China relationship. Keep the South China Sea in perspective.
- The should now focus on managing Scarborough Shoal and Spratly developments by restoring the geostrategic balance as a way to buy time, awaiting a permanent solution.
- The US government should remain sensitive to the efforts of littoral states to entangle the United States more deeply in supporting their claims—acting as their counterbalance to China.

Meanwhile, the only apparent way to reintroduce some element of stability in the southern half of the South China Sea is to assist the other claimants who desire help to look after their own holdings. The goal should be to return some sort of strategic equilibrium to the Spratlys; Vietnam is the claimant best equipped to accomplish that. Hanoi gives every indication it will fight to hang on to its holdings; it should be encouraged to improve its defenses. The other contribution to keeping the peace is the US-Philippine Mutual Defense Treaty itself because of its potential applicability if Filipino servicemen are harmed. The United States also needs to be completely committed to a very long-term and dedicated effort to improve the maritime capabilities of the armed forces of the Philippines. This will take patience and money.

Finally, of course, the reality is the newly elected Philippine President Rodrigo Duterte may make a deal with Beijing over access to Scarborough and the submerged Reed Bank area, thought to be a source of gas and oil, by taking steps that permit Manila and Beijing to diplomatically ignore the arbitral findings and reach an understanding on exploitation of fish and hydrocarbons. However, no matter how artfully constructed such a deal might be, it will not undo the arbitral findings. As long as Beijing continues to ignore this new addition to international law, it will be stuck with the reputational consequences of being seen as a South China Sea lawbreaker.

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