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Tensions and Strategic Distrust in East Asia: Management and Cooperation

The Institute of International Relations (IIRS), Shanghai Academy of Social Sciences (SASS), the Carnegie Endowment for International Peace (CEIP), and the Shanghai International Culture Association (SICA) recently held the 2nd Huai-Hai Forum on “Tensions and Strategic Distrust in East Asia: Management and Cooperation” at SASS in Shanghai. Participants included former officials, diplomats, distinguished scholars, and experts on international relations from China, the USA, Japan, Singapore, Thailand, and Australia.

The following is an excerpt of participants’ speeches and discussion at the conference.

1. The Causes and Prospects of China-US Rival in East Asia

American and Japanese scholars focus their attention on the strategic dilemma of Sino-American relations and the incongruous interests in promoting the concept of “New Type of Major Power Relations.” A US expert holds the driving force of the growing competition between China and the US, comes mostly from the power shift between two countries. China’s defense expenditure increases more sharply than that of the US, which is declining relatively. As China grows, each side is apparently wedded to incompatible views of the global and regional order, yet fated to work

together to manage that order. This will not happen unless deeper levels of mutual accommodation occur. Presenting visions of the future and linking those visions to practical policies can facilitate such accommodation, but almost nothing has been done along these lines. Both countries are locked in outdated and excessively short-term notions, assumptions, and goals for each other and the relationship. Furthermore, China's growing nationalism in terms of territory and naval power manoeuvring increases pressure on the US and prompts the situation to develop in China's favor.

For China's proposal, "New Type of Major Power Relations", though China has good intentions and a vision for building a constructive and sustainable bilateral relationship with the United States, avoiding the Thucydides trap," it fails to prevent the US from harboring deep suspicion about this idea. The incompatibility mainly lies in China's demand for respecting "each other's core interests and major concerns," which implies China's territorial sovereignty – Taiwan, Tibet, South China Sea and Diaoyu islands – should be respected. According to the American definition of national interests, if a country's core interests are damaged, the leader will resort to force. The US cannot accept China using force to resolve the territorial disputes. One former American State Department official questions Beijing's sincerity of building good relations with Washington in its proposal of a New Asia Security Concept, which neglects American leadership in Asian affairs, and China's capricious behavior on maritime crisis management. If the United States were not to accept it, the whole concept of "New Type of Major Power Relations" could lose its very basis for implementation.

Chinese speakers at the forum tried to convince their American counterparts to believe the Chinese side's sincerity in pursuing peaceful development and building a new type of major power relations with the US. Differing with the American view about the cause of the rivalry between the powers, Chinese scholars argue that it is China's goal to be a maritime power that causes the US to see China as a serious challenge to US supremacy in the Western Pacific. To meet this challenge, Obama's administration has taken two strategic moves to maintain this American-led order: first, changing its past strategic ambiguity into a strategic clarity about defending the Diaoyu islands if China and Japan get involved in a conflict; and second, assuming itself as the quasi-third party of South China Sea issue to indirectly support the position of South-east Asian claimants and to push for an internationalization of the disputes.

The majority of the participants tend to believe there is an area of accommodation and cooperation between the two powers, and that rivalry would not inevitably lead to a conflict. A participant from ASEAN pointed out that China is certainly rising, and America is not obviously in decline. Therefore, the dynamic of the competition process is not one between a rising power and a declining power. Nor is it one between a *status quo* power and a revisionist power. Thus, according to the same logic, he does not believe that conflict between the US and China is inevitable.

A Chinese scholar laid out four reasons to support this argument: 1. Both countries want peace and stability in the Western Pacific. Obama administration has

just finished two wars, and it cannot open a new front in the Pacific. Its rebalance strategy in Asia and Pacific is for balancing China's rise rather than for preparing for a war against China. 2. The US is always afraid that China wants to expel the US from Western Pacific, but actually China does not intend to do so. 3. To avoid an unplanned, unintentional accidental clash, the two sides now agree to discuss a military security code of conduct covering international waters and airspace. Both countries are the members of the Code of Unplanned Encounter at Sea. 4. 2013-2014 has witnessed an marked increase in military exchanges between the two sides. The exchanges have received firm political support from both presidents. Especially at high sea the two countries have a lot of common interests including concerns about counter-piracy, humanitarian assistance, disaster relief, etc.

Furthermore, experts believe that China is also facing daunting domestic challenges, that it benefits from this existing order, and is unable to bear the burden of maintaining a new regional order. The US is still and will remain a necessary condition for the stability that is vital for China's continued growth. This is a consensus shared by US, its allies and China as well.

However, to constructively manage their difference is extremely important for the US and China. Chinese scholars caution the U.S. not to hurt China's national pride by simply taking sides with some of its allies who try to manipulate the Sino-US relations for their own interests. Japanese experts argues that the compatibility of bilateral and regional strategy between China and the US will be crucial for building and maintaining a stable regional order in the Asia Pacific region. He thinks, however, that the new type of major power relations proposed by China actually lacks such a compatibility and therefore it will not be taken seriously by the US.

Japanese scholars are having more strategic doubts about China's rise and behavior. One expert expresses that since the 2008 world financial crisis, the shift in the balance of power between the US and China has given rise to two uncertain trends: 1. the regional order underpinned by the dominance of American military power and the Japan-US alliance may not stand up as firm as in the past. 2. Since China doesn't fully share the values and norms of the existing order, as a rising power, it might challenge the status quo.

This prediction is supported by the fact that in the past few years, China has used its physical force to address disputes in the South China Sea and the East China Sea, which has caused widespread concern overseas. He got the impression that there is an increasing voice in China arguing that China has the right as well as the ability to use its might to realize its interests since China has increased its national power.

2. The Current Standoff in Sino-Japanese Relations and the Directions of Abe's Defense Policy

One professor from the US argued that there exist twin security dilemmas in China-the US-Japan relations. 1. An adversary security dilemma: the rise of China is likely to encourage the United States and Japan to tighten their alliance and enhance

their joint military capabilities in order to balance against China's growing military capabilities. This adversary security dilemma could lead to an arms spiral and increase the risk of military accidents, miscalculation, and even inadvertent military conflict because the US-Japan alliance and China could take measures that appear to threaten the security interests of the other.

2. The US-Japan alliance can become complicated by the "alliance security dilemma" that involves the risks of entrapment and abandonment. For example, Japan might fear that the United States will abandon Japan vis a vis China or establish a US-China *modus vivendi* that jeopardizes Japanese interests. Or the United States might fear that Japan will entrap the United States in a conflict with China over an issue that is not vital to US security interests (e.g., the Diaoyu Islands issue). In order to overcome the alliance security dilemma, the United States and Japan can strengthen the alliance so that the two countries become "seamless" allies. But a tightening of the US-Japan alliance might worsen the adversary security dilemma with China. China might prefer a looser US-Japan alliance or even wish to drive a wedge between the United States and Japan.

Most participants think the four-point consensus reached by China and Japan right before the APEC Beijing meeting signifies an end to their two year-long stand-off, but it does not reflect a substantial improvement of their bilateral relations. Chinese scholars express worries about the challenges posed by Abe's hawkish and provocative policy toward China's peaceful development strategy. They hold that Japan and China, as two of the three largest economies in the world, share the responsibility to improve their relations for the sake of their own people as well as for the region. The two countries need to formulate a code of conduct and adopt crisis management measures around the waters of the Diaoyu Islands based on the four-point consensus, and also improve communication, and explore the possibility of cooperation in the realm of traditional security.

One famous Japanese scholar suggested a configuration of several measures to improve two countries' relations. The first step is to return to the spirit of normalisation of our diplomatic relations in 1972, and the principles in the Peace and Friendship Treaty. The treaty states that conflicts must be solved through peaceful means and not by force or the threat of force.

For specific steps: China should stop sending its government vessels to the area around the Diaoyu Islands, and Japan should do its utmost to prevent the sailing of private boats to the area by the Japanese right wing. If such mutual provocation ceased, Japan could continue with its self-restraint in maintaining the situation on and around the islands that has existed consistently since 1972. On the question of sovereignty, both sides can only agree to disagree, so both sides could put the sovereignty question back into Pandora's Box and return to the wisdom of the great political leaders of the 1970s for shelving disputes.

3. The Development of U.S. Rebalancing Strategy and a Way of Overcoming Sino-U.S. Security Dilemma

Chinese scholars point out that though the US has encountered fiscal difficulties, defense cuts, as well as IS development and Russia's challenge in Ukraine, Obama's rebalancing strategy in Asia is making strides as planned: more advanced aircrafts, warships and X-band radar system are redeployed in its allies bases; various joint military drills have conducted to test Air-Sea Battle doctrine aimed at deterring and suppressing PLA capability. And the strategy has tried some new tactics and made new progress, including: more proactively engaging in the South China Sea dispute, such as proposing that all establishment of new outposts and land reclamation be frozen; asking China to interpret the 9 dotted line and accept international arbitration; signing a 10-year agreement with the Philippines to allow American forces access to the Philippines military bases.

Of course, Chinese scholars also find that the competition between two powers in the sea and air has been growing long before Obama's rebalancing strategy was initiated. But the implementation of the strategy, in fact, aggravates the confrontation. From 2001 to 2014, there occurred many incidents in the sea and air, including the EP-3 incident in 2001, the USS *Impeccable* incident in 2009, and the USS *Cowpens* incident in 2013.

One Chinese scholar criticises Obama's rebalancing strategy because it is based on a zero-sum Cold War mentality, and has led to the confusion in the policymaking circle and academic field. He cites one American expert's comment that the Obama Administration is lying in word and implementing containment in action. China thinks that as the United States has become more deeply involved in these long-standing disputes and taken sides with China's opponents -- Japan, Philippines, and Vietnam -- the negative effects will undermine the US goal of seeking cooperation on global and regional issues with China, and will eventually undermine the stability in East Asia. Therefore, over a medium run, this strategy is not sustainable.

One three-point proposal was raised for these two powers on how to overcome their respective security dilemmas.

On the U.S. side:

A. Washington should recognize the legitimate Chinese need to build up its military power commensurate with its major power status, protecting its expanding interests, and bolstering its major power position. It is important to avoid overreacting to China's military development and downplaying the China factor in the US's defense planning.

B. Washington should understand the limits of the U.S.-centered security network or ASEAN-centered security mechanism in coping with increasingly diverse regional security issues. China and other regional members should have the rights to develop new security mechanisms, as they see appropriate, to deal with security challenges confronted, even though such mechanisms may not include the U.S.. In fact, given the complex security landscape in Asia, regional security architecture stands, as it does, to be multi-layered and would require various security mechanisms.

C. On maritime disputes in East Asia, Washington should recognize that the Chinese position has strong historic base, while the related international law has its limits in solving such complicated maritime disputes. The U.S. can encourage all

claimants to exercise self-restraint, pursue peaceful means and innovative approaches to deal with the disputes, while refraining from making use of these disputes for its own regional strategy purpose, which would only complicate and exasperate the situation.

On the Chinese side:

A. China's military development needs to aim to secure a reliable deterrence vis-à-vis the U.S. in the Western Pacific, not to gain superiority over the U.S.

B. The security mechanisms that China helps create or develop are not intended to replace U.S. security network, but rather to enhance the security interests of countries concerned. Beijing should not seek to dissolve the U.S. alliance system in the region as long as it does not target on China.

C. On the Diaoyu islands, China can live with the status quo if Japan does not push forward. China is also ready to sit down with Japan to explore ways to mitigate the tension and stabilize the situation around Diyoyu islands, if Tokyo acknowledges the existence of sovereignty disputes with China. On South China issue, while China will strengthen its presence and exploit natural resources within the nine-dash line, just as other claimants have been doing over the decades, it will not seek a military solution for the disputes. Meanwhile, Beijing will continue to work with other sides to stabilize the situation, manage the disputes, and exploit possibilities of cooperation.

On Sino-U.S. security cooperation:

To encourage positive momentum in Sino-U.S. security relations, it is essential that both sides should expand their security cooperation as much as possible. China and the U.S. have shared interests in the denuclearization and stability of the Korean peninsula, for a stable and more secure Afghanistan, and on counter-terrorism, fighting cyber crime, disaster relief, and humanitarian rescue, etc.

4. Tension in the South China Sea (SCS) and the Related Factors in the Code of Conduct

Chinese, ASEAN and American participants do not engage in much debate on the causes of the tension in the SCS since they all know very well the differences that lead to this tension. However, they did take some time to address the negotiation on the Code of Conduct in the SCS (COC). A Chinese scholar agreed that the tensions over the SCS disputes since 2010 has risen to a height of danger, which reminds the parties concerned of the urgency to accelerate the pace of negotiation toward a binding COC in the South China Sea. In a review of the process of negotiation for the COC back in 1999 and a planned COC document turning into a non-binding Declaration on the Code of Conduct on the South China Sea (DOD), he illuminated the difficulties of reaching a consensus first within the ASEAN, and then between China and the ASEAN.

As he put it, the difficulties, as a binding Code document, lie in many issues, such as different strategic calculi, the scope of coverage, the specific "prohibited" activities, the self-restrained behaviour, and the identification and punishment of the violation of

the stipulations. The document also needs to list a series of cooperative activities. All these contents are not easy to settle.

For an effective COC, there are several issues to be addressed: First, containing a “negative listing” of activities in the disputed areas, which could be revised in an biennial or quinquennial base. The logic behind the listing is to set up an order of three categorized activities related to the stability in the South China Sea, i.e. the prohibited, the self-restrained, and the cooperative, or in other words CBM activities.

Secondly, in regarding to American Deputy Assistant Secretary Michael Fuchs’s proposal concerning freezing all unilateral alteration on the features in the disputed area in the SCS, the scholar responded that it has been a bit late to freeze all the claimants’ construction and land reclamation since Vietnam and the Philippines have already finished their construction on their controlled reefs, shoals and atolls a long time ago. Unless this proposal has the effective traceability back to 2002 when ASEAN and China signed the DOD, China will have no interest in freezing its construction work.

Third, if a consensus on COC is really reached, it may invite some independent third party into supervision to prevent default or violation of the code, and high-tech instruments may also be introduced. At the same time, the validation of COC requires indispensability of a disputes settlement regime.

Most participants believe that neither COC nor the UN Convention on the Law of the Sea (UNCLOS) could resolve the disputes; however both documents can facilitates crisis and disputes management, increasing trust between China and ASEAN. An American scholar argued that China wants to delay resolving the disputes since its capability is growing steadily, while the other ASEAN claimants are eager to find a way to the disputes. One Japanese professor tends to think China will take an offensive approach to deal with the situation should its bottom line be threatened.

5. New Approach to Asia Security Architecture

Given the above-mentioned major powers competition and growing tension in the disputed areas in East Sea and South China Sea, several participants of the conference argued that Asia Pacific needs to construct some new security concepts and architecture. One Chinese scholar holds that the current security structure is in the process of transition from the US-dominated bilateral alliance to a multilateral structure. During this transition period, new norms like new security concept (China), cooperative security (ASEAN) and others are emerging, but are not yet fully developed.

He points out that during this transition period, there have been at least three different variables shaping the trends of the new security concepts and architecture:

1. Power politics will remain as a predominant variable to rein in the regional architectures building process. No other country has the capability to replace the U.S. and the US-led bilateral alliance role in the new future. Regionalism and multilateralism is defined as a process dominated by hegemonic power.

2. Cooperative Security approach is a multilateral concept, but does not develop well. The cooperative as a norm is welcome in Asia. ASEAN Regional Forum is a new path and formality for security architecture and ASEAN is also regarded as a comprehensive and cooperative institution. The contributions of ASEAN have been recognized for the voices it gives to small states, and for its success in managing its viability between the great powers and the rising powers. Its success results from inclusiveness, comprehensive, and cooperative security.

3. China's approach. This approach is based on the new security concept, originated in 1990s and has been further developed by President Xi Jinping into a common, comprehensive, cooperative and sustainable security in Asia. According to Xi's remarks, China wants to establish a new regional security cooperation architecture in which some Asian hot issues could be well addressed and could improve the security and mutual confidence in Asia. President Xi Jinping, in his rotating presidency as the Conference on Interaction and Confidence-Building Measures in Asia (CICA), announced this new security concept in May of 2014. However the media overemphasized his comment that "Asian affairs should be handled by Asians." The CICA is a pan-Asian security institution for promoting trust and confidence-building, and China wants to expand its function to handling regional security issues, in order to raise audience awareness for these ends through joint efforts. President Xi made this remarks, which did not mean to exclude an American role in Asia. From Chinese explanation for 3Cs+S, we can infer that this common security is based upon a win-win approach.

He concluded with two additional points: first, we need adhere to the principle of gradual method, it is premature to take a quick action to build a full-fledged regional architecture, such as over elevation EAS' function. Second, we need to focus on the effectiveness or quality of the institutions, not on the building more institutions.

6. Policy Recommendations to Boost Cooperation in East Asia

Regarding the US doubts about China's demand for respecting "each other's core interests and major concerns" in the New Type of Major Power Relations," some conference participants suggested that Beijing and Washington should take a new round of consultation on the re-defining concepts that could be mutually acceptable. China also can finely define all the core interests into different level, which needs to differentiate the territories ---Taiwan, Tibet, Xinjiang – from the disputing areas, the South China Sea.

Since East Asia now is in a very complex phase as the US, China and Japan are recalibrating their relationship with each other and with ASEAN, Singapore Amb. Bilahari Kausikan warned at the conference that he cannot preclude the possibility that the further complicated situation and lack of strategic trust between China on the one side and the U.S. and Japan on the other side could lead to miscalculation. He suggested, that to make conflict avoidable, the US should be a partner rather than a balancer in East Asia, and Japan should show true repentance for past war crimes, and that China appropriately handle its nationalist pride nurtured by a growing national

strength. Instead of taking sides in the major power competition for regional supremacy, ASEAN should maintain friendship with all parties concerned and make further contributions to regional economic integration.

One American expert argued that the current status of Sino-American relations are not sustainable: both sides cannot afford a Cold-War style arms race and international crisis. Therefore, a grand bargaining is needed, which implies a strategic interests deal and peaceful coexistence under a strategic prism. He suggested first that the US should adopt a philosophical approach toward international system change, accommodating China's growing influence in order to avoid a new Cold War. In the meantime, he cautions China about the risks of nationalist rationale in dealing with regional disputes. China should realize that recovering territories is an old-fashioned concept, and that without American consent it is impossible for China to solve territorial disputes with its neighboring countries. He advised China to accept the regional status quo as in its own interests. He proposed that the US and China should hold discussion about sensitive issues on Taiwan, Korean Peninsula, East and South China Sea and future regional order, realizing a win-win cooperation. Both sides should find out what the real threats are to them, and how they could handle the threats. Based upon this consensus, they can establish a new international regime.

Chinese participants maintained that China and the US should make steady efforts in stabilizing their bilateral relations at a variety of levels: globally, both countries should adjust their ideas, approaches and methods for the benefit of bilateral cooperation; in the Asia Pacific, both should enhance dialogue over disputes and explore mechanism for crises management; tactically, both should cultivate mutual confidence through institutionalizing their interactions over bilateral, regional and international issues and put disputes and crisis under control.

Regarding the tension in Sino-Japanese relations, one Japanese professor urged China and Japan to take the extremely important step to reduce the grave misunderstandings that exist between the Japanese and the Chinese about historical issues, the Nanjing massacre and the Yasukuni Shrine, since their views are very wide apart. Both sides must seek truth from facts, and not be afraid of facts. Along with this principle, two countries also should conduct better public diplomacy, or develop all sorts of means to narrow the difference.

He also put forward three general suggestions for solving the longer term problems. First the Japanese and Chinese need further intellectual and emotional exchanges, so that two sides can share more values and norms. It is especially important to promote further the exchange of youths, including both university and high school students. On this score, the media in the two countries bear a very heavy responsibility. The journalists could jointly and spontaneously set up an ombudsman system, which checks the factual mistakes in media reports.

Second, much should be done to promote and publicize the mutual benefits that accrue from cooperation. In addition to the deepening economic interdependence, non-traditional security presents a rich area for cooperation and collaboration, for example, in anti-piracy, disaster relief, fighting drug trafficking and human trafficking, fighting bird flu, SARS, PM2.5 and other environmental pollution.

Third, in the realm of traditional security, dialogue is indispensable in building trust between the defence forces of the two countries. In order to substantiate the discussion, it is crucially important to include the United States.

The US experts argued that the US-Japan cooperation should not just focus on deterring China, but should also talk about how they can develop cooperation with China. All three countries should realize their relations are interactive and each side action will produce negative impacts on the other sides, therefore each country's leader should take all responsibility to correctly guide domestic sentiments, avoiding taking negative action toward the others.

For situation in South China Sea, the "dual-track" approach including relevant disputes being addressed by countries directly concerned through friendly consultations and negotiations and in a peaceful way, and peace and stability in the South China Sea being jointly maintained by China and ASEAN countries should be effectively processed. China and ASEAN can convene an annual peace conference on South China Sea, so that they can gradually reduce their distrust and find a way to advance cooperation on the joint development, joint patrol and administration in the disputed waters, carrying out scientific research projects at sea and setting up mechanisms to contain unilaterally coercive action and ensure freedom of navigation.