# VII. CHINA'S RISE AND US STRATEGY IN ASIA

**Jonathan D. Pollack**

## America, Europe, and Chinese power

China's ascendance as a major power and its implications for the world economy, global governance and international security continues to be a source of major debate. The scope and rapidity of China's ascent have placed China at the centre of deliberations over international strategy. There are few historical precedents for the spectacular pace of China's economic advance, and the growth of its comprehensive national power has generated considerable unease. At the same time, by the acknowledgment of its senior leadership, China's overall development remains 'unbalanced, uncoordinated, and unsustainable.'[1] The extreme concentration of economic and political power in the hands of state-owned enterprises, glaring income inequality and pervasive corruption, industrial overcapacity fuelled by local and provincial interests, widespread environmental degradation and an underdeveloped legal and institutional framework highlight the consequences of unregulated growth presided over by highly protected elites almost entirely removed from public scrutiny. To numerous observers, the lack of accountability and transparency and the inability or unwillingness of central leaders to address the inequities of Chinese development reveals a system in disarray.

China's international position provides an instructive parallel to many of these internal concerns. After decades of uninterrupted economic growth, China's global footprint is inescapable. All states recognise the gravitational pull of the Chinese economy, but many remain wary about China's grudging, partial accommodation to extant international norms. Chinese leaders repeatedly emphasise their fundamental commitment to peaceful development and heightened cooperation with outside powers. But China's self-protective stance on a range of international issues and rising nationalist sentiment underscore the gap between China's declared aspirations and its actual behaviour. Sadly, long-submerged historical disputes have resurfaced in other Asian states as well, renewing volatile animosities that threaten to destabilise the region.

At the same time, Chinese strategic specialists argue that the established powers (particularly the United States) are unprepared to accord China genuine legitimacy as a major power, openly accusing the US of seeking to constrain or undermine China's rise, either unilaterally or in concert with others. There is a receptive popular audience within China for such arguments. The corollary to these expressed

1. Hu Jintao, Report to 18th National Congress of the Communist Party of China, 8 November 2012.

grievances is that outside powers must acknowledge and accommodate to China's growing strength, rather than vice versa. But other Chinese commentators contest these arguments, contending that enhanced international status requires China to develop normative authority appropriate to its growing economic and military power. Underlying these academic debates are deep, unresolved questions about how Chinese leaders and citizens envision long-term relations between China and the outside world, which are closely linked to China's internal political and social evolution.[2]

China's rise and its consequences for the international and regional order are not solely issues for regional actors or the United States to contemplate, nor are the outcomes of this process foreordained. China's economic imprint is global rather than regional. Growing numbers of Chinese nationals now live and work across the Greater Middle East, Africa, Latin America, and various sub-regions of Asia. Its diplomatic and corporate profile is evident across all continents. China's involvement in peacekeeping operations, military-to- military relations, and naval diplomacy is also increasingly diverse, and deemed a quiet success story by the military leadership.[3] Thus, lasting accommodation is best realised through mutual political and strategic understandings and development of shared international norms, but none of this will come easily, or soon.

As major centres of global power with a shared stake in an inclusive, rules-based international system, America and Europe have long sought to address the risks and opportunities associated with China's rise. However, policy coordination between the US and EU is far from satisfactory, in part reflecting their asymmetric roles in Asia and the Pacific. America retains a dominant security position in the region but there is no equivalent involvement by European states. In addition, there is widespread concern in European capitals that American preoccupation with the rise of China and a nascent Sino-American strategic competition have supplanted traditional US policy interests in Europe. But neither the US nor the EU wishes to see an erosion or breakdown in existing security arrangements on which the region's prosperity and stability have long depended. The need for enhanced American and European consultations over China's longer-term future and the parallel need to craft complementary US and European policy approaches (without fuelling Chinese perceptions of malign intent) is thus a pressing political and strategic issue that warrants far more attention.

2. Yufan Hao, 'Domestic Chinese Influences on US-China Relations', in David Shambaugh (ed.), *Tangled Titans – The United States and China* (Lanham, Maryland: Rowman and Littlefield Publishers, 2012), pp. 125-48. For representative examples of different schools of thought that are contending within China, see the essays by Wang Yizhou, Yan Xuetong and Wang Jisi in Mark Leonard (ed.), *China 3.0* (London: European Council on Foreign Relations, November 2012), pp. 106-22.

3. Lyle J. Goldstein (ed.), 'Not Congruent but Quite Complementary – US and Chinese Approaches to Nontraditional Security', *China Maritime Study* no.9, China Maritime Studies Institute, US Naval War College, July 2012.

## China's power and its consequences

Any assessment of US and European policy options must begin with the scope and implications of China's power transition. Since joining the World Trade Organisation in 2001, China's increase in aggregate economic power has sharply reconfigured global trade, finance and energy flows, as well as the resource requirements for China's infrastructural and economic development. These developments affect Europe as much as the United States. In 2000, China was the world's sixth largest economy; by 2012, it was the second largest, surpassing Japan. It is now the world's largest exporter and the global manufacturing hub, with its foreign trade volume five times greater than when it joined the WTO. Chinese planners concede that an export-led growth strategy is not indefinitely sustainable, but they have yet to demonstrate the will to fully pursue an alternative model emphasising enhanced domestic consumption. But a stalled or faltering economy in China (the major engine of global economic growth over the past decade) would pose major risks to the health of the international economy as a whole. Given China's massive foreign exchange holdings, it is also playing an ever larger role in efforts to achieve global economic and financial stabilisation. European calls for major infusions of Chinese financial support to assist in the rescue of the euro gives Beijing undoubted policy leverage in enhancing market access in Europe and in pressing for changes in technology transfer policy, including in the defence sector.

The accumulation of economic power is also enabling China to pursue long-deferred Chinese national security goals. The quest for wealth and power has been an aspiration of Chinese modernisers for more than a century. Advanced weapons development was largely set aside during the first two decades of the reform era, but the pace and scope of military modernisation has accelerated over the past fifteen years. Sustained double digit defence budget increases have appreciably enhanced the nation's military capabilities since the mid-to-late 1990s. An antiquated military is being transformed into a professionalised force, as demonstrated by naval missions conducted well beyond China's territorial waters and exclusive economic zones (most notably, in anti-piracy missions in the Gulf of Aden) and the initial operations of China's first aircraft carrier, built from the shell of an unfinished former Ukrainian carrier. China's air force is also acquiring advanced capabilities, which will ultimately enable China to progress beyond its traditional air defence role. The emergence of a more capable military commensurate with China's economic capacities and interests is hardly unexpected, but these new realities are matters of increasing significance to the United States and Europe.[4]

China does not appear intent on frontally challenging American military power, but its military development has altered strategic assessments across Asia, with many regional states openly soliciting a heightened US security role. The enhancement of

4. Mathieu Duchatel and Alexandre Sheldon-Duplaix, 'The European Union and the Modernisation of the People's Liberation Army Navy', *China Perspectives*, no. 2011/4, pp. 31-41.

China's air, maritime and strategic capabilities is no longer a matter of conjecture but an accomplished fact. Moreover, China now possesses the economic wherewithal to sustain military modernisation for the indefinite future. Chinese leaders view these growing capacities as integral to the credibility of China as a major power and to the protection of its national security interests. Over time, the People's Liberation Army (PLA) is also developing capabilities that could severely complicate or inhibit US military operations in areas close to Chinese territory. Though far from possessing global reach and untested in battle for more than thirty years, the PLA will emerge as a much more consequential military force in future decades. These capabilities are leading the US military to reassess its plans and policies.[5]

China's role in regional security will thus represent a continuing challenge for the US and other powers. Beijing's involvement in security cooperation with neighbouring states remains limited and episodic. Such involvement rarely touches upon the deeper security faultlines between China and the region. China's quest for strategic autonomy and its continued wariness towards US political-military intentions often leaves the world's two largest powers standing apart – despite efforts by successive American presidential administrations, since the establishment of US relations with Beijing in the early 1970s, to define long-term strategies towards China. All have favoured a mix of engagement and hedging, hoping to offer sufficient incentives to Chinese leaders to broaden and deepen relationships across an increasing spectrum of policy arenas.[6] There are self-evident reasons to incorporate China within existing international structures, relationships and policy norms. All states recognise the need to fashion policies commensurate with China's increasing economic, political and strategic weight; to seek durable understandings with China's leaders; and (wherever possible) to facilitate productive Chinese contributions to the refashioning of the international order. Any conceptualisation of Asia's strategic future that does not include China as a core part of the equation is doomed to failure.

## Adapting to China's rise

China is now an arrived (or arriving) power across the full spectrum of national capabilities. The challenge of China's fuller incorporation into the global and regional system is thus very different from the earliest decades of its opening to the outside world. Barring a major slowdown in the Chinese economy, unanticipated internal upheaval or highly coercive Chinese behaviour directed against neighbouring states, there is no realistic possibility of denying China enhanced international influence. But it is the forms and extent of accommodation, and the bargains that must be struck to achieve them, that matter most. The US, the EU, and other powers must

5. Ashley J. Tellis and Travis Tanner (eds.), *Strategic Asia 2012-13 – China's Military Challenge* (Seattle and Washington, D.C.: The National Bureau of Asian Research, 2012).

6. For detailed assessments of these issues, see Rosemary Foot and Andrew Walter, *China, The United States, and Global Order* (Cambridge: Cambridge University Press, 2011); and Michael D. Swaine, *America's Challenge – Engaging a Rising China in the Twenty-First Century* (Washington, D.C.: Carnegie Endowment for International Peace, 2011).

balance multiple and (at times) contradictory or competing objectives. All states recognise that a realignment of global power is underway and that China is at the centre of this process, but they seek to ensure that China's rise does not disrupt or undermine existing power relationships. They also want to preserve options should China directly challenge the extant political and security order, without letting such possibilities become self-fulfilling prophecies.

These issues are easier to describe in theory than to pursue in practice. Both China and the United States claim that they seek to prove history wrong, asserting that they can avoid the acute rivalries or wars often associated with major power transitions. China is engaged in most major international institutions, but its commitment to shared norms is uneven. As an autonomous actor that seeks to preserve as much freedom of action as possible, there is often an uneasy strategic fit between China and other major powers, especially with the United States. America's global reach and forward military presence in the West Pacific pose continuing challenges to Chinese interests. At the same time, the United States and other powers must carefully weigh how political and security collaboration with China and China's responses to these possibilities could reconfigure the future contours of global and regional security.

US policy has long encouraged Beijing to participate in more inclusive international strategies. Washington believes that granting China a seat at the table will elicit increased support for global governance. This goal presumes that China sees accommodation with US policy in its long-term interest. Barack Obama has been more committed to such a policy than any of his predecessors. From the earliest months of the Obama administration, senior US officials sought to encourage China's fuller involvement on pivotal issues (most notably, reform of the global financial system, nuclear non-proliferation, and climate change) that transcend the traditional bilateral security agenda.[7] These efforts built on the efforts of the Bush administration, most fully captured in the speech of then Deputy Secretary of State Robert Zoellick envisioning China as a 'responsible stakeholder.' In Zoellick's view, China was a major beneficiary of globalisation, and should thus be prepared to contribute to collective goals and needs that reflected its relative gains and its growing strength.[8]

However, the results of such efforts to date remain mixed. President Obama has repeatedly called on China to 'play by the rules', thus signalling that he believes it often does not. China has yet to display the self-assurance or creativity that many US officials anticipated. Divergent perspectives on Sino-American politics, economics and national security have limited accommodation and heightened strategic suspicions

7. Jeffrey A. Bader, *Obama and China's Rise – An Insider's Account of America's Asia Strategy* (Washington, D.C.: Brookings Institution Press, 2012).

8. Robert Zoellick, 'Whither China: From Membership to Responsibility?', Remarks to the National Committee on U.S.-China Relations, 25 November 2005, US Department of State.

in both polities.[9] Though the regularity and depth of interactions between senior American and Chinese officials has surpassed those undertaken in all previous administrations and Sino-US trade and investment ties are also at historic highs, they have not produced the convergence of interests and policies that many senior officials sought. China and the United States thus find themselves in an 'in-between' zone – neither starkly confrontational nor able to achieve a comfort level that would enable major policy breakthroughs.

However, US Asia policy is not exclusively China-driven. From the outset of the Obama administration, there was an unmistakable commitment to a heightened US regional profile, including participation in multilateral diplomacy where the United States had previously been at best an episodic participant. This shift to a 'rebalancing strategy' was fully unveiled during President Obama's visit to the Pacific in November 2011, including the first ever participation by an American president in the East Asia Summit. In the immediate aftermath of the president's visit, the Department of Defense (under President Obama's signature) released a new strategic guidance document, stating that 'US economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia (...) while the US military will continue to contribute to security globally, *we will of necessity rebalance toward the Asia-Pacific region*.'[10]

The Obama administration has repeatedly characterised its Asia strategy as comprising economics, politics and national security, but the military dimension of US policy has received disproportionate attention, and has been widely viewed as an effort to counterbalance Chinese power. Many of the announced US policy changes, including rotational deployments of US Marines to Australia, the planned stationing of the first four Littoral Combat Ships (LCS) to Singapore, and the pledge that impending reductions of US military forces would not be at the expense of US capabilities in the Asia-Pacific region, have reinforced this conclusion. Though these activities do not suggest a major shift of US defence resources to the region beyond long-planned steps, they have revealed the gestational elements of a longer-term US-China geostrategic rivalry. The trajectory of future US-China relations thus remains uncertain if not necessarily unsteady. Should rebalancing ultimately become code language for inhibiting the fuller integration of Chinese power into the region, Beijing would have far fewer incentives to collaborate with the United States. Without unambiguous commitments by leaders in both systems to control the risks of heightened strategic rivalry, Washington and Beijing could face a decidedly more contentious if not overtly adversarial relationship in the years to come, with unwelcome consequences for Asia and the globe.

9. For one treatment of these issues authored by two prominent specialists from the US and China, see Kenneth Lieberthal and Wang Jisi, *Addressing U.S. – China Strategic Distrust*, John L. Thornton China Center Monograph no. 4, March 2012.

10. *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense* (Washington, DC: U.S. Department of Defense, January 2012), p. 2.

## Implications for US-EU collaboration

China's regional and global rise will undoubtedly remain a major preoccupation for American policy makers. The United States continues to ponder how to most effectively address China's rise both regionally and globally. Though Washington will devote priority attention to various allies and partners that live in the shadow of Chinese power, fuller transatlantic consultations must be part of this process. Europe retains a separate strategic identity and potential avenues of influence distinct from those of the United States. The EU could thus be a prospective interlocutor on a range of issues that China is not prepared to discuss fully with the United States, or vice versa. As noted previously, Europe does not play a security role in the Asia-Pacific region even remotely equivalent to the United States. But the European stake in long-term relations with China (including the continued viability of its industrial base, future trade and investment relations with China, and Beijing's adherence to international law) is of the utmost importance.

External characterisations of Chinese strategy posit an assertive Chinese state intent on claiming its due in the international power hierarchy. But many Chinese strategists and scholars see China as challenged and even somewhat besieged. They do not suggest a self-confident leadership intent on challenging the United States or (even less) offering an alternative model of the future international order. Its institutional structures and decision-making procedures also remain very underdeveloped and not commensurate with its growing power and influence. At the same time, heightened nationalism and political-military rivalry are increasingly evident across Asia. The EU may not be directly involved in all these issues, but it exhibits obvious disquiet that Europe's past could represent Asia's future. Though few predict an imminent crisis in China's relations with the outside world, there is palpable strategic uncertainty in Asia and the Pacific, with states simultaneously worried about an overly militarised US-China relationship or inexorable pressures for accommodation with Beijing that could marginalise the future American role.

The rapidity of China's advance and what many observers perceive as Chinese secrecy about its longer-term goals is generating questions about prevailing policy approaches. In the past, China had an imputed strategic significance by virtue of its size, factor endowment and geographic location. But the policy debate over China has undergone a profound shift. Beijing may not yet be a fully revived great power, and it confronts a host of daunting obstacles and uncertainties in its domestic development, but its centrality to Asia's looming strategic transition is beyond dispute.

Europe is far from strategically irrelevant in deliberations over China's future.[11] Its lack of direct security involvement along the periphery of China may be to its advantage, in as much as European views are far less likely to trigger sharp reactions in Beijing. Being paired with the United States does not necessarily work to Europe's

11. See Frederic Grare, 'Europe and Security in Asia', Carnegie Endowment for International Peace, 11 October 2012.

advantage in trying to draw Beijing into deeper, more sustained discussions about Asia's future or the relevance of European experiences with international law and institution building. Though some analysts advocate a US-EU-China mechanism for deliberating Asia's strategic transition, this is unlikely to prove practicable at a Track One level. China will always seek to avoid diplomatic or strategic deliberations where it could be the primary object of discussion involving multiple parties. In a trilateral context, Beijing would see Europe as too integrally tethered to its American partner, and hence far from an independent voice.

A more promising alternative for the EU would be to pursue more intensive bilateral interactions with China and advance consultations with the United States separately from Washington's bilateral channels with Beijing. The immediate challenge that any discussions must overcome is China's almost reflexive efforts to resist either its marginalisation or the magnification of its responsibilities as a global actor, thereby precluding reasoned discussion of its role in the future international order. The ultimate audience for all external attempts to influence China's future strategic directions is internal. Patient, persistent efforts to address China's abiding suspicions about the outside world are not a panacea, but they offer a means to begin a long overdue strategic dialogue between Beijing and other major powers.