



**ORDER** from **CHAOS**  
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# A Glass Half Full

The Rebalance, Reassurance, and Resolve  
in the U.S.-China Strategic Relationship

MICHAEL O'HANLON



## ABOUT THE ORDER FROM CHAOS PROJECT

In the two decades following the end of the Cold War, the world experienced an era characterized by declining war and rising prosperity. The absence of serious geopolitical competition created opportunities for increased interdependence and global cooperation. In recent years, however, several and possibly fundamental challenges to that new order have arisen—the collapse of order and the descent into violence in the Middle East; the Russian challenge to the European security order; and increasing geopolitical tensions in Asia being among the foremost of these. At this pivotal juncture, U.S. leadership is critical, and the task ahead is urgent and complex. The next U.S. president will need to adapt and protect the liberal international order as a means of continuing to provide stability and prosperity; develop a strategy that encourages cooperation not competition among willing powers; and, if necessary, contain or constrain actors seeking to undermine those goals.

In response to these changing global dynamics, the Foreign Policy Program at Brookings has established the Order from Chaos Project. With incisive analysis, new strategies, and innovative policies, the Foreign Policy Program and its scholars have embarked on a two-year project with three core purposes:

- To analyze the dynamics in the international system that are creating stresses, challenges, and a breakdown of order.
- To define U.S. interests in this new era and develop specific strategies for promoting a revitalized rules-based, liberal international order.
- To provide policy recommendations on how to develop the necessary tools of statecraft (military, economic, diplomatic, and social) and how to redesign the architecture of the international order.

The Order from Chaos Project strives to engage and influence the policy debate as the United States moves toward the 2016 election and as the next president takes office.

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# A Glass Half Full

## The Rebalance, Reassurance, and Resolve in the U.S.-China Strategic Relationship

MICHAEL O'HANLON

**W**hat is the state of the U.S.-China security relationship as President Obama's term in office concludes? Given the centrality of this relationship to the future of the region and indeed the planet, as well as the emphasis that President Obama has appropriately placed upon it, the question bears asking at this milestone in history.

In Obama's first term, his administration articulated a policy of pivoting or rebalancing to the Asia-Pacific region, not only in security terms but in regard to broader economic and political issues as well. Over the course of his presidency, China arguably reached near-superpower status by some measures, with a GDP roughly equal to America's in purchasing power parity terms and nearly two-thirds as great by standard exchange-rate-based metrics. The People's Republic of China's (PRC) military budget is now clearly the second greatest in the world, and China has used these additional resources to streamline and modernize increasingly high-technology armed forces. China is the world's top manufacturer by a considerable margin, and is also enhancing its indigenous research and development activities—while also continuing to take intellectual property from others on a large scale, it must be said. President Xi Jinping's leadership is now firmly established, and the confidence with which China conducts itself on the world stage is rather striking.

President Obama's rebalance strategy has set the context for much of the evolution of U.S.-China relations over the past five years. It has been generally well received among Americans of both parties and among American

allies in Asia as well. It would seem, at least in much of its essence, to have a good chance of enduring for many years to come.<sup>1</sup>

Yet whatever the wisdom of the rebalance, not all is well in U.S.-China relations. Many Americans see a China that is becoming dangerous in the South China Sea and East China Sea in particular—with even broader and greater ambitions perhaps beginning to develop deep within the Middle Kingdom as the PRC’s power grows. Many Chinese see a United States that is bent on world predominance and, most of all, regional hegemony maintained in conjunction with allies such as Japan. And when the United States talks of rebalance or pivot, many Chinese hear “containment”—carried out at their country’s expense. Other factors can intercede negatively as well. For example, North Korea’s nuclear provocations, including two tests in 2016 to date, amplify other dangers that can affect both China and the United States—and highlight the significance of difference in their preferred approaches to regional security.

In this paper, which builds on a book that I had the privilege of co-authoring with former Deputy Secretary of State James Steinberg in 2014, I attempt a net assessment of the U.S.-China security relationship in the context of the rebalance, and measured against the agenda that Steinberg and I proposed.<sup>2</sup> The focus is squarely on security matters. This paper focuses on regional hotspots and possible contingencies, as well as on patterns of operational interaction, confidence-building measures, communications mechanisms, and engagement. A longer paper I am also writing this year, from which this essay is drawn, considers a somewhat broader range of security issues and reaches a similar conclusion.

The agenda that Secretary Steinberg and I developed drew of course on the ideas of others, and on existing U.S. policy objectives, but also sought to expand upon them and knit them together in a cohesive whole. Our goal—as the book’s title of “Strategic Reassurance and Resolve” suggests—

<sup>1</sup> See for example, Kathleen Hicks and Michael J. Green, “Revving up the Rebalance to Asia,” Center for Strategic and International Studies, Washington, D.C., January 26, 2016, available at <https://www.csis.org/analysis/revving-rebalance-asia>; and Scott W. Harold, “Is the Pivot Doomed? The Resilience of America’s Strategic ‘Rebalance,’” *The Washington Quarterly* 37, no. 4 (Winter 2015), pp. 85-99. On the antecedents of the rebalance in the Bush administration, see Nina Silove, “The Pivot before the Pivot: U.S. Strategy to Preserve the Power Balance in Asia,” *International Security* 40, no. 4 (Spring 2016), pp. 45-88.

<sup>2</sup> James Steinberg and Michael E. O’Hanlon, *Strategic Reassurance and Resolve: U.S.-China Relations in the Twenty-First Century*. Princeton, NJ: Princeton University Press, 2014.

was to recommend ways that Beijing and Washington could manage their relationship, and their competition, through the complementary tools of reassurance and resolve.

The paper's main argument is this: The U.S.-China security relationship is a work in progress, and recent trends are mixed. As challenging as things are in U.S.-China relations, however, they are not bad relative to what history might lead us to expect about how a rising power and an established power will get along. This is not a call for complacency. But it is a reminder to policymakers, pundits, and publics in both countries not to overreact at relatively minor offenses, or to lose historical perspective on where the relationship is today. The two countries are partly friends but also partly rivals. Their relationship will surely be complex for years, if not decades, to come. Yet it is being managed tolerably well, and can continue to be managed in a way that preserves general stability—provided that both sides, and key regional players like Japan, South Korea, the Philippines, Australia, and Taiwan, make the requisite efforts. At a time when voices in both countries—and particularly the United States during a presidential election year—sometimes call for much more assertive or confrontational policies by one of the countries towards the other, I would argue for relative caution and calm. Indeed, even if I am right that U.S.-China security relations should be seen as relatively acceptable on empirical grounds, a continuation of recent trends whereby each country is increasingly wary of the other could create a dangerous downward spiraling of relations anyway. Perceptions could supersede objective reality. The so-called security dilemma could increasingly influence the relationship; fears could snowball and lead to a dangerous action-reaction cycle. Part of this essay's purpose is to warn about the dangers of such potentially ill-founded and negative perceptions, without papering over the real problems between Beijing and Washington that require attention.

### Contingency Planning

There are four main places where the United States and China need to be prepared for potentially dangerous interactions with their military forces. These are the Korean peninsula, the vicinity of Taiwan, the waters of the East China Sea, and the general region of the South China Sea. With the

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exception of the sea lines of communication in the South China Sea, which the United States considers a vital American interest in their own right, the U.S. role in contingencies in East Asia would likely arise in defense of a regional friend or ally that might be at risk.

Consider first Korea. Of the three cases, this may be the least likely to erupt in conflict, but regardless, it could easily become the most escalatory. And North Korean behavior in 2016 may well have increased the odds of conflict, or at least serious crisis.

The situation is more fraught than many realize. One might expect that Beijing and Washington would have largely common interests on the peninsula—preserving stability, discouraging extremist behavior (including nuclear proliferation by Pyongyang), and maintaining their respective good ties with the Republic of Korea (ROK). But this apparent confluence of interests obscures the fact that Beijing and Washington rank the relative importance of those various interests differently, with the former emphasizing stability above nonproliferation (or internal North Korean reform).<sup>3</sup> That is part of why China has only begrudgingly supported and enforced sanctions after each of North Korea's successive nuclear tests, in 2006, 2009, 2013, and twice in 2016. The jury remains out on how firmly the sanctions that followed the latter tests, which affect trade in minerals among other key commodities, will in fact be implemented by Beijing.<sup>4</sup>

Should a crisis or war erupt, the fact that Beijing and Washington are allied with different Koreas introduces a huge danger to the situation. The United States and China could, in short, quickly find themselves on the brink of direct war with each other. Even if the PRC chose not to defend North Korea under certain circumstances (especially in light of the mediocre relations between the two countries today), it might move forces onto the northern part of the peninsula to manage refugee flows in a contingency, and to prevent the movement of weapons of mass destruction onto Chinese territory. Depending on the scenario, it might also deploy forces onto the peninsula to establish leverage for the postwar discussions over whether U.S. forces

<sup>3</sup> See for example, Andrew Scobell, "The PLA Role in China's DPRK Policy," in Phillip C. Saunders and Andrew Scobell, eds., *PLA Influence on China's National Security Policymaking*. (Stanford, California: Stanford University Press, 2015), pp. 198-217.

<sup>4</sup> Andrea Berger, "From Paper to Practice: The Significance of New UN Sanctions on North Korea," *Arms Control Today* 46, no. 4, May 2016, pp. 8-16.

would remain in Korea, and perhaps even to preserve some form of a rump North Korea as a permanent buffer state of sorts.<sup>5</sup> North Korea's possession of a nuclear arsenal may also increase the odds that any conflict might stop short of a reunification of the peninsula under Seoul/ROK rule.<sup>6</sup>

It was for reasons such as these that Steinberg and I advocated a number of U.S.-China initiatives in regard to Korea. Some involved how to plan for a possible war; even if that war is never fought, the planning itself could produce salutary confidence-building effects. Some involved how to think through post-reunification U.S. force presence on the peninsula. Ultimately it would be the decision of the Republic of Korea whether to invite foreign forces onto its territory in such a situation, but Washington and Seoul could together offer reassurances now that any such American military presence would be modest in scope and remain near or below the 38th parallel. The United States and China could also attempt to figure out a better cooperative plan of action for inducing North Korea towards better behavior. This approach could involve some incentives, but also a willingness by China to apply tougher sanctions in the event of further North Korean provocations (like additional nuclear or long-range missile tests, acts of terror, and further production of fissile material).

Alas, there seems to be little if any progress to report on this very important matter of joint U.S.-China planning for possible Korea contingencies. The feedback and evidence I have collected is anecdotal, but it is completely consistent. I have not found any reason to think that Chinese officials have, in any setting, engaged in dialogue with Americans about how to handle Korea contingencies—and in fact, it is very hard to tease much engagement out of former Chinese officials or academics on the subject.

What about Taiwan contingencies? Here the concern is different. Historically, since the recognition of the PRC in the 1970s and the ending of formal ties with Taiwan, the United States has maintained a complex but still

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<sup>5</sup> Thomas Woodrow, "The PLA and Cross-Border Contingencies in North Korea and Burma," in Andrew Scobell, Arthur S. Ding, Phillip C. Saunders, and Scott W. Harold, eds., *The People's Liberation Army and Contingency Planning in China* (Washington, D.C.: National Defense University Press, 2015), pp. 205-223; and Gordon G. Chang, "China and the Korean Peninsula: Why the Problems?" *International Journal of Korean Studies* 19, no. 1, Spring/Summer 2015, pp. 97-125.

<sup>6</sup> See Van Jackson, Testimony before the House Committee on Foreign Affairs, Subcommittee on Asia and the Pacific, February 26, 2015, available at <https://foreignaffairs.house.gov/hearing/subcommittee-hearing-across-the-other-pond-u-s-opportunities-and-challenges-in-the-asia-pacific>.

ultimately serious commitment to the latter's security. This commitment has been reflected in the 1979 Taiwan Relations Act and America's actual behavior such as during the crises of 1995 to 1996. Ultimately, the United States has seemed willing to do whatever it took to protect Taiwan—not necessarily returning to the nuclear threats of the 1950s, but nonetheless conveying a willingness to defend the island against whatever form of attack mainland China might launch, up to and including a possible invasion. Breaking a Chinese blockade might also be included in the portfolio of possible scenarios.

Today, these possible military missions have become far more complicated, especially against blockade operations or other acts of limited war. China's advanced missile capabilities, quiet submarines, and modern "fourth-generation" aircraft lead the list of technologies that could put U.S. forces at considerable risk in any combat operations near Taiwan, even in the event that the United States—with Taiwan—could still emerge victorious. Knowing this, in the event of war, Washington could feel early pressures for escalation, especially to conventional military attacks against Chinese military assets on the mainland like missile launchers, airfields, and submarine bases. A small conflict could thus rapidly and dangerously escalate. Some steps, such as a possible Taiwan-PRC hotline, have been proposed that could help stabilize a given situation—if both parties really wanted that.<sup>7</sup> But crises could take on lives of their own, and escalation could result.

Aware of this, Steinberg and I encouraged development of possible asymmetric U.S. responses to Chinese attacks on Taiwan. Military options of the traditional sort would not need to be discarded as a matter of principle. But in the event of hostilities, one could consider either economic responses (in the form of strong, sweeping sanctions) and asymmetric military responses (for example, pressure on the sea lines of communication that China needs to import oil and ship out consumer goods).

But the United States does not seem to be working to develop such new ideas at present. For example, in the section on "Taiwan's Defensive Capabilities" in the annual Department of Defense report to Congress from 2016, no new initiatives for how the United States and Taiwan might col-

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<sup>7</sup> Austin Ramzy, "Leaders of China and Taiwan Talk of Peace Across the Strait," *New York Times*, November 7, 2015, available at <http://nyti.ms/1kAcCfy>.



laborate in any new defense concepts are mentioned. America's described role in cross-strait security centers on arms sales and diplomacy.<sup>8</sup> The early 2016 posture statement of Admiral Harry Harris, combatant commander at Pacific Command (USPACOM), states somewhat blandly that "USPACOM will continue to fulfill U.S. commitments under the Taiwan Relations Act." It then discusses arms sales in a couple lines, and the entire entry is one of the shortest in the entire posture statement for any country or partner in the broader region.<sup>9</sup>

Obviously, one would not expect classified war plans to be summarized in public documents—but there is no suggestion in that official U.S. government document or elsewhere of any new thinking on combined, integrated approaches to handling possible crisis situations. Perhaps during Ma Ying-jeou's presidency in Taiwan, most parties—including even the People's Liberation Army (PLA) and Department of Defense (DOD)—were so focused on improving ties (with the occasional disagreement over arms sales) that no one saw a need to rethink the status quo in military planning.<sup>10</sup> That may have been understandable, even good in some ways—except that China's military capabilities were hardly standing still in this period, and now Ma is no longer president of Taiwan. While we cannot know what is in U.S. war plans for scenarios involving China and Taiwan today, history gives ample reason to think that rapid escalation may be among the options—in part because historically, such options probably would have worked very well for the United States. But times are changing. More is surely happening quietly in U.S.-Taiwan security collaboration.<sup>11</sup> But even if more nuanced planning concepts are being developed within private U.S.-Taiwan channels, the general American strategic community and most politicians have not studied or internalized these developments. As such, support for them could prove lacking in a crisis, and pressures to escalate could prove politically difficult to control.

<sup>8</sup> Department of Defense, "Military and Security Developments Involving the People's Republic of China," p. 91; see also, on this point, Nien-chung Liao and Dalton Kuen-da Lin, "Rebalancing Taiwan-U.S. Relations," *Survival* 57, no. 6, December 2015-January 2016, pp. 145-158.

<sup>9</sup> Statement of Admiral Harry B. Harris Jr., U.S. Navy, Commander, U.S. Pacific Command, before the Senate Armed Services Committee, on U.S. Pacific Command Posture, February 23, 2016, available at [http://www.armed-services.senate.gov/imo/media/doc/Harris\\_02-23-16.pdf](http://www.armed-services.senate.gov/imo/media/doc/Harris_02-23-16.pdf).

<sup>10</sup> See for example, Bonnie S. Glaser, "The PLA Role in China's Taiwan Policymaking," in Saunders and Scobell, eds., *PLA Influence on China's National Security Policymaking*, pp. 190-191; and Jeffrey A. Bader, *Obama and China's Rise: An Insider's Account of America's Asia Strategy* (Washington, D.C.: Brookings, 2012), p. 77.

<sup>11</sup> Richard C. Bush, *Uncharted Strait: The Future of China-Taiwan Relations* (Washington, D.C.: Brookings, 2013).

The problem goes deeper than the Department of Defense. There is still no central effort in the U.S. government to consider how economic sanctions might be employed as part of a broader mix of tools in the event of conflict. War is still seen as a Department of Defense responsibility that would be prosecuted using classic DOD tools, as best as can be discerned from the outside. Moreover, China contingencies remain, as best as can be deduced, a Pacific Command responsibility. However, the above logic would suggest that they should be coordinated out of the Joint Staff in Washington so as to fully integrate Central Command, among other key commands (since that is the organization that might well be involved in any operations to restrict use of the sea lines of communication in and out of the Persian Gulf). To be sure, in the event of crisis, a careful and multi-faceted response might be devised in real time through the National Security Council. It would seem far more prudent, however, to think through some alternative, de-escalatory options in advance.

Before looking further southward, a brief word is in order on the East China Sea, and specifically the Senkaku/Diaoyu islands dispute. Those eight uninhabited, and nearly uninhabitable, specks of land (only one of them larger than a square kilometer) have nonetheless been hugely contentious in Japan-China relations since they conjure up history and reignite old disputes. China lays claim to them based on ancient history from centuries ago, not unlike the basis for its claims to much of the South China Sea as discussed below; it has been asserting its claims diplomatically since 1992 and with patrols by government ships since 2008. Japan challenges these ancient Chinese historical claims. It has administered the islands from 1895 onward, keeping them after World War II in a process the United States effectively blessed, even if it still does not take a position on who owns the islands. Japan distinguishes between Taiwan, which it seized in 1895 but later was required to restore to China after 1945, and the Senkaku/Diaoyu, which it claims to have had an entirely separate and different history.<sup>12</sup> But that overall history is of course still very poignant for China. Beijing tends to view any and all Japanese land holdings that were established in the late 19th and early 20th centuries as illegitimate and the product of an aggressive tendency in Japanese politics that ultimately gave rise to the Japanese invasion of the Chinese mainland itself.

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<sup>12</sup> Ministry of Foreign Affairs, Government of Japan, "Senkaku Islands," Tokyo, April 13, 2016, available at [http://www.mofa.go.jp/region/asia-paci/senkaku/qa\\_1010.html#q11](http://www.mofa.go.jp/region/asia-paci/senkaku/qa_1010.html#q11).

The Senkaku/Diaoyu dispute intensified around 2010. At that time, a Chinese fishing boat collided with two Japanese coast guard vessels near the islands. That led to the arrest of the Chinese boat captain and a prolonged diplomatic row between the two countries that included imposition of Chinese economic sanctions against Japan for a time (specifically, limits on Chinese exports to Japan of rare earth metals, crucial in some types of manufacturing).<sup>13</sup> Then, in 2012, seeking to avoid what it saw as an even worse outcome if the hard-core nationalist mayor of Tokyo purchased the islands, the Japanese government bought three of the Senkaku/Diaoyu islands from a private Japanese owner. Alas, China viewed the action as provocative and stepped up military patrols thereafter, sometimes engaging in brinkmanship around the islands.

President Obama sought to stabilize the situation by declaring in April of 2014 that, even though the United States had no position on the rightful owner of the islands, it would apply the U.S.-Japan Treaty and its Article V security pledge to them—for the simple reason that they were currently administered by Japan.<sup>14</sup> Deterrence was shored up, at least temporarily, and the situation seems to have stabilized. Put differently, the United States was resolute—a crucial element of an integrated American policy towards the region, as Steinberg and I argued. That said, China is still conducting close approaches with aircraft and sea vessels, including coast guard and fishing ships, well within territorial waters of the islands, according to the Japanese Self-Defense Forces, and there were occasional upticks in activity including in the summer of 2016. Indeed, in June of 2016 China sent a warship to the island's waters for the first time, and on August 6 of that year, some 230 Chinese fishing boats reportedly swarmed around the islands.<sup>15</sup> So the issue has not been solved, and is still dangerous. Indeed, perhaps

<sup>13</sup> "Boat Collisions Spark Japan-China Diplomatic Row" *BBC News*, September 8, 2010, available at <http://www.bbc.com/news/world-asia-pacific-11225522>; and "How Uninhabited Islands Soured China-Japan Ties," *BBC News*, November 10, 2014, available at <http://www.bbc.com/news/world-asia-pacific-11341139>.

<sup>14</sup> The White House, "Joint Press Conference with President Obama and Prime Minister Abe of Japan," Tokyo, Japan, April 24, 2014, available at <https://www.whitehouse.gov/the-press-office/2014/04/24/joint-press-conference-president-obama-and-prime-minister-abe-japan>.

<sup>15</sup> Mitsuru Obe, "Japan Presses China on Vessels Sailing Near Disputed Islands," *Wall Street Journal*, August 24, 2016, available at [www.wsj.com/articles/japan-presses-china-on-vessels-sailing-near-disputed-islands-1472039715](http://www.wsj.com/articles/japan-presses-china-on-vessels-sailing-near-disputed-islands-1472039715).

**“To date, all parties in the region are avoiding the use of kinetic, violent force.”**

partly in response to the situation, Japan is now considering a modest but real increase in its own military capabilities in the broader region.<sup>16</sup>

Moving to the South China Sea, the situation is even more dynamic and complex, and China’s recent behavior even more concerning to the United States and several other countries. In another sense, however, there is no case for despair.<sup>17</sup>

To date, all parties in the region are avoiding the use of kinetic, violent force. They are not interrupting the use of shipping lanes; they are not challenging each other’s land claims in the South China Sea through violence. There are also numerous communications channels between the United States and China that are being frequently employed—visits by military officials, national security advisors such as Susan Rice, secretaries of state and defense, and presidents themselves, including lengthy discussions that get beyond immediate talking points and seek some degree of understanding and mitigation of conflicts even when solutions are elusive.<sup>18</sup>

The basic situation, of course, is that in one sense China claims virtually the entirety of the South China Sea, including its many small land formations, through its so-called nine-dash line. Thankfully it does not literally try to enforce ownership of those waterways, which the United States would surely see as a challenge to its vital national interests given the importance of the South China Sea’s sea lanes for commerce, with a third or more of global trade passing through them. China objects to American military movements in the vicinity but has otherwise not sought to discourage the use of the waters by others. However, China has tried to establish as much control as possible over many of the region’s islands, notably the Spratly and Paracel groups, as well as other land formations such as the Scarborough Shoal in the exclusive economic zone of the Philippines.

<sup>16</sup> Motoko Rich, “Japanese Government Urges Another Increase in Military Spending,” *New York Times*, August 30, 2016, available at <http://nyti.ms/2bZ57yL>.

<sup>17</sup> For a related view, see Jeffrey Bader, Kenneth Lieberthal, and Michael McDevitt, “Keeping the South China Sea in Perspective,” Brookings Institution, Washington, D.C., August 2014, available at <http://www.brookings.edu/~media/research/files/papers/2014/08/south-china-sea-perspective-bader-lieberthal-mcdevitt/south-china-sea-perspective-bader-lieberthal-mcdevitt.pdf>.

<sup>18</sup> Comments of Stapleton Roy at the Brookings Institution, Washington, D.C., July 26, 2016, available at <http://www.brookings.edu/events/2016/07/26-us-china-russia-relations>; and David Ignatius, “In Kissinger’s Footsteps, Susan Rice Steers Smooth U.S.-China Relations,” *Washington Post*, September 1, 2016, available at [https://www.washingtonpost.com/opinions/susan-rice-embraces-kissingers-approach-to-china/2016/09/01/7d440a5c-706b-11e6-9705-23e51a2f424d\\_story.html?utm\\_term=.f6ea67b2c7bd](https://www.washingtonpost.com/opinions/susan-rice-embraces-kissingers-approach-to-china/2016/09/01/7d440a5c-706b-11e6-9705-23e51a2f424d_story.html?utm_term=.f6ea67b2c7bd).

The July 2016 ruling by the Permanent Court of Arbitration for the U.N. Convention on the Law of the Sea invalidated China's mine-dash line, if interpreted as a literal claim on the waterways of that region. The Court also determined, without weighing in on the issue of sovereignty, that none of the South China Sea land formations qualified as islands capable of sustaining human life.<sup>19</sup> Thus, whoever might ultimately establish ownership and sovereign rights, they would according to this ruling be granted at most a limited territorial sea, extending out 12 nautical miles from coastline, and no exclusive economic zone. The Court determined Mischief Reef to be within the Philippines' exclusive economic zone, meaning that China's construction activities there were ruled unacceptable and illegal.<sup>20</sup>

China refuses to accept the ruling; indeed, it provocatively sent 10 ships within a mile of the Scarborough Shoal during the September 2016 G-20 meeting in Hangzhou.<sup>21</sup> Even if Beijing were to accept the Court's position, the sovereignty questions would remain undecided and fraught. Meanwhile over the course of 2014 and 2015 in particular, China added about five square miles of land (roughly the combined acreage of the Senkaku/Diaoyu) to a total of some seven reclaimed islands. It then partially militarized those artificial land formations with missiles, radars, runways, ports, military aircraft, and military or coast guard ships. In 2016, Beijing also conducted aerial patrols in the South China Sea, intercepted a U.S. reconnaissance aircraft there, and sent a senior officer to one of the Spratly islands.<sup>22</sup>

The United States has conducted several freedom of navigation transits through territorial waters of land formations in the South China Sea over the last two years. It has generally done them in a way that acknowledges some country, perhaps China, might someday establish sovereignty. Thus, the United States has transited these zones expeditiously and without conducting training exercises or other military actions—it has exercised in-

<sup>19</sup> "Award in the Matter of the South China Sea Arbitration on PCA Case 2013-19," Permanent Court of Arbitration, The Hague, the Netherlands, July 12, 2016, pp. 473-475, available at <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf>

<sup>20</sup> Presentation of Lynn Kuok at the Center for a New American Security, Washington, D.C., August 17, 2016.

<sup>21</sup> Jane Perlez, "New Chinese Vessels Seen Near Disputed Reef in South China Sea," *New York Times*, September 5, 2016, available at <http://nyti.ms/2clHFsy>.

<sup>22</sup> Michael Forsythe, "China Begins Air Patrols over Disputed Area of the South China Sea," *New York Times*, July 18, 2016, available at <http://nyti.ms/2abzwK7>; Gabriel Dominguez, "Chinese J-11s Intercept US Recon Aircraft over South China Sea," *Jane's Defence Weekly*, May 25, 2016, p. 4; and Chris Buckley, "Chinese General Visits Disputed Spratly Islands in South China Sea," *New York Times*, April 18, 2016, available at <http://nyti.ms/1quj8Y5>.

nocent passage. Even so, China has not liked these transits because Beijing demands prior notification (which the Convention on the Law of the Sea does not). It also does not consider warships eligible for such innocent-passage rights.<sup>23</sup> The American actions have struck a good balance between reassurance and resolve. They show firmness in defense of American interests and allies. In late 2015 and again in early 2016, Secretary of Defense Ashton Carter joined American aircraft carriers (and an Indian carrier) in the general region, though not ships moving within the 12-nautical-mile zones of any disputed island.<sup>24</sup> Even as China has staked out firmer claims to land formations, it has been essential for the United States not to allow its access to the region to be compromised. It goes almost without saying that the United States could not accept the nine-dash line. But nor could it accept restrictions on its movements around small islets or rocks that China claims, and that Beijing has asserted should have territorial seas and also exclusive economic zones associated with them. (As a matter of international law, only islands get all such benefits; rocks get territorial seas but no economic zones; reclaimed islands are accorded nothing.<sup>25</sup>) The United States has remained engaged in the region in other ways, too. Employing some of the seven bases in the Philippines through which the United States now rotates forces (on a total of four different islands), it conducted a form of aerial patrol near the Scarborough Shoal with A-10 aircraft in the spring of 2016.<sup>26</sup>

As noted, China has done its own aerial patrol in the South China Sea, as well, and says that it intends to make them regular.<sup>27</sup> It also maneuvered forces into position to establish control of the Scarborough Shoal at the

<sup>23</sup> Three were conducted from the fall of 2015 through July of 2016, to be precise. Sam LaGrone, "United States Destroyer Passes Near Chinese Artificial Island in South China Sea Freedom of Navigation Operation," U.S. Naval Institute News, May 10, 2016, available at <https://news.usni.org/2016/05/10/u-s-destroyer-passes-near-chinese-artificial-island-in-south-china-sea-freedom-of-navigation-operation>.

<sup>24</sup> See Edward Wong, "Xi Again Defends China's Claim to South China Sea Islands," *New York Times*, November 7, 2015, available at <http://nyti.ms/1WEwMGS>; and Michael S. Schmidt, "In South China Sea Visit, U.S. Defense Chief Flexes Military Muscle," *New York Times*, April 15, 2016, available at <http://nyti.ms/20HkUSt>.

<sup>25</sup> Christopher Mirasota, "What Makes an Island? Land Reclamation and the South China Sea Arbitration," Center for Strategic and International Studies, July 15, 2015, available at <https://amti.csis.org/what-makes-an-island-land-reclamation-and-the-south-china-sea-arbitration>.

<sup>26</sup> Dan Lamothe, "Why the Pugnacious A-10 is Flying Maritime Patrols over the South China Sea," *Washington Post*, April 27, 2016, available at <https://www.washingtonpost.com/news/checkpoint/wp/2016/04/27/why-the-pugnacious-a-10-is-flying-maritime-patrols-over-the-south-china-sea/>; and Patrick M. Cronin, "Sustaining the Rebalance in Southeast Asia: Challenges and Opportunities Facing the Next Administration," *Papers for the Next President*, Center for a New American Security, Washington, D.C., May 2016, p. 12.

<sup>27</sup> Richard D. Fisher, Jr., "China to Conduct 'Regular Combat Air Patrols' in SCS," *Jane's Defence Weekly*, July 27, 2016, p. 8.

Philippines' expense in 2012. But China has not used violence in the region in recent years. It has not otherwise sought to impede the movement of ships or aircraft in the region, except near land it claims. Nor has it declared an air defense identification zone in the South China Sea to date (alas, it did declare one in the East China Sea in 2013, though it has not tried to enforce that in any meaningful way).<sup>28</sup>

Nor has China “militarized” the islands of the South China Sea to an inordinate degree so far. President Xi’s statement that “China does not intend to pursue militarization” of the Spratly islands, made to President Obama in September 2015 in Washington, has not been strictly honored.<sup>29</sup> Yet that wording was vague in the first place. Moreover, Xi has not gone to the extreme of initiating a major military buildup or an arms race there. By my accounting, Chinese assets in the region are now roughly comparable to those of the United States when it has an aircraft carrier battle group in the vicinity. They also have emphasized, to some extent, the coast guard over military assets, or have exploited ambiguities (as with the construction of aircraft shelters that while likely intended for military planes, are not themselves armaments).<sup>30</sup> To be sure, this situation is less optimal for the United States than the status quo ante, in which the United States had conventional military superiority in the South China Sea except near the Chinese littoral. But to date, China has not sought to establish outright military dominance in the region either, reflecting a form of restraint so far at least. And while it objected strenuously to the ruling in July 2016 by the Permanent Court of Arbitration on South China Sea matters, it showed some restraint in the aftermath of the ruling—still refraining from declaring an air-defense identification zone, calling for negotiations with parties in the region, and sustaining dialogue with the United States.<sup>31</sup>

<sup>28</sup> Jeffrey A. Bader, “A Framework for U.S. Policy toward China,” Asia Working Group Paper No. 3, Brookings Institution, Washington, D.C., March 2016, p. 3; and Cris Larano and Jeremy Page, “Beijing Flies Bombers over Disputed South China Sea,” *Wall Street Journal*, August 7, 2016, available at <http://www.wsj.com/articles/philippines-fidel-ramos-leaves-for-china-monday-for-south-china-sea-talks-1470565429>.

<sup>29</sup> Jeremy Page, Carol E. Lee, and Gordon Lubold, “China’s President Pledges No Militarization in Disputed Islands,” *Wall Street Journal*, September 25, 2015, available at <http://www.wsj.com/articles/china-completes-runway-on-artificial-island-in-south-china-sea-1443184818>.

<sup>30</sup> Alexander Chieh-cheng Huang, “The PLA and Near Seas Maritime Sovereignty Disputes,” in Andrew Scobell, Arthur S. Ding, Phillip C. Saunders, and Scott W. Harold, eds., *The People’s Liberation Army and Contingency Planning in China* (Washington, D.C.: National Defense University, 2015), pp. 290-295; and David E. Sanger and Rick Gladstone, “New Photos Cast Doubt on China’s Vow Not to Militarize Disputed Islands,” *New York Times*, August 8, 2016, available at <http://nyti.ms/2b22bAS>.

<sup>31</sup> See David Ignatius, “Is a Bruised China Taking a Timeout?” *Washington Post*, July 27, 2016, p. A21.

To view this overall record as one of Chinese good behavior would be to go too far. But taken together, U.S. and Chinese interactions on possible regional contingencies in the East Asian and Western Pacific regions have to date occurred within certain unstated yet meaningful parameters.

In summary, it is disappointing that there has been no notable progress in thinking through Korea contingencies, but it is not too late for that, either. The Taiwan situation remains calmer than a decade or two ago, at least for the moment. The Senkaku/Diaoyu issue has ebbed and flowed, though it seems a bit more tense than a year or two ago, as of this writing in late 2016. The South China Sea has gotten somewhat worse, but again, actions of the different parties—and China in particular—have occurred within some very meaningful (if loosely defined) limitations on what type of behavior is considered allowable and acceptable.

### **Communications, Reconnaissance, and Confidence Building**

Beyond the matters addressed above, there is a final basket of security-related subjects that are crucial in the U.S.-China relationship. Together they constitute a bit of a miscellaneous category. They can be loosely organized under the heading of confidence-building efforts, transparency activities, and cooperative ventures. They are not all feel-good subjects, however, because the flip side of many of them can lead to distrust, rivalry, or even crisis. For example, reconnaissance activities can promote transparency but they can also produce tension, distrust, and close and unfriendly encounters of the military assets of the two countries. Thus, this category of subjects is important both for the good they can do the relationship as well as the harm and danger they can create.

Steinberg and I argued for several policy initiatives. We made the case for an open skies reconnaissance regime patterned after the NATO-Warsaw Pact accord of 25 years earlier. We argued for better military-to-military hotlines; for clearer protocols on how militaries should operate when in each other's proximities; and for collaborative efforts where possible on matters ranging from exercises to humanitarian relief to counterpiracy to peacekeeping missions, not only with the United States but the interna-



tional community writ large. We also argued that where possible—but only where truly possible—the United States should ratchet back its forward reconnaissance actions by using unarmed assets or otherwise being creative in how it obtained information. On this latter point, and on Open Skies, there has not been notable progress.

On many other matters, however, there has been headway. Key steps include the following:

- China was quite cooperative in the 2014 search for the missing Malaysian Airlines MH370 aircraft. Many Chinese were aboard the plane, providing ample motivation for Beijing, but its cooperative approach was nonetheless noted and appreciated by other regional states, such as Australia.<sup>32</sup>
- China has been generally helpful in Afghanistan as well. In recent years, it has initiated a modest security assistance program. The motives may not be purely altruistic of course; China works about Islamist extremism on its own territory, and also has economic ambitions within Afghanistan that depend on a tolerable security environment. But the important point here is that such aid is being offered in a country with ongoing strong security ties to the United States and the West in general. China's willingness to collaborate is thus notable and constructive.<sup>33</sup>
- China continues to expand its roles in U.N. peacekeeping missions. It now deploys about 3,000 personnel to 10 missions, up from 2,200 in 2014 and constituting the largest number among any of the permanent members of the U.N. Security Council. It sent a battalion of 700 troops to South Sudan in 2015, the first time it had deployed such a formation as part of a U.N. mission. It also continues its counterpiracy cooperation in the Gulf of Aden.<sup>34</sup> Again, this suggests a greater inclination by China to play a constructive role in promoting and upholding the international order.
- China remains wary about humanitarian military interventions of the type sometimes conducted by Western nations. Yet it is not categorical or dogmatic in these views, especially when compared with past patterns of behavior. For example, it abstained from the

<sup>32</sup> Department of Defense, Government of Australia, "2016 Defence White Paper," Canberra, Australia, 2016, p. 133, available at [defence.gov.au/whitepaper](http://defence.gov.au/whitepaper).

<sup>33</sup> Jessica Donati and Ehsanullah Amiri, "China Offers Afghanistan Army Expanded Military Aid," *Wall Street Journal*, March 9, 2016, available at <http://www.wsj.com/articles/china-offers-afghanistan-army-expanded-military-aid-1457517153>.

<sup>34</sup> Department of Defense, *Military and Security Developments Involving the People's Republic of China, 2016*, pp. 21-22.

U.N. Security Council vote in 2011 authorizing the use of force to protect civilians in Libya, and while it may have been critical of NATO's role in contributing to Moammar Gadhafi's overthrow, it was far less vociferous in its critiques than was Russia. Moreover, it arguably had a reasonable case on this matter, given that the post-Gadhafi period in Libya has not been particularly well-handled by Western powers.<sup>35</sup>

- Military hotlines are now in use between the two countries. They have been employed at least five times, in fact. That is good news, and constitutes progress. It is not clear, however, that they would be quickly turned to during a crisis. Thus, as five scholars writing through the Center for a New American Security advocate, the two sides may wish to try to “stress test” the hotlines by making use of them during a difficult period (if not necessarily an outright crisis) in U.S.-China relations.<sup>36</sup>
- Military exchanges are thriving between the two countries. An official accounting of all types of military-to-military contacts in 2015 lists 26 visits.<sup>37</sup>
- China again participated in the multinational “RIMPAC” exercise in the summer of 2016, for the second time (the first was in 2014). It sent a relatively large contingent centered on five ships to a multi-week effort that involved search and rescue simulations and other collaborative activities among more than two dozen militaries including that of the United States.<sup>39</sup>
- China has been gradually improving its performance on nonproliferation matters. Of late, it contributed to the imposition of sanctions on Iran by limiting its oil purchases from that country, helping create the conditions that gave rise to the Joint Comprehensive Plan of Action.
- There has been mixed progress in certain specific domains of safety at sea, particularly involving the navies of China and the United States. The Code for Unplanned Encounters at Sea was established in November of 2014 (as was a code on notification of major military exercises). In the following months, according to the former U.S. Navy Chief of Naval Operations Admiral Jonathan Greenert,

<sup>35</sup> Jonas Parello-Plesner and Mathieu Duchatel, *China's Strong Arm: Protecting Citizens and Assets Abroad* (London: International Institute for Strategic Studies, 2015), pp. 114-116.

<sup>36</sup> Ratner, Colby, Erickson, Hosford, and Sullivan, *More Willing and Able*, p. 47.

<sup>37</sup> Department of Defense, *Military and Security Developments Involving the People's Republic of China, 2016*, pp. 103-104.

<sup>38</sup> Ankit Panda, “With 5 Ships and 1,200 Personnel, China Expands RIMPAC 2016 Naval Delegation,” *The Diplomat*, June 18, 2016, available at <http://thediplomat.com/2016/06/with-5-ships-and-1200-personnel-china-expands-rimpac-2016-naval-delegation>.

three of four close approaches were handled professionally and according to the agreed code. The progress needs to be firmed up, and extended to coast guards and to ships of the Chinese PLA (as opposed to just the Chinese navy) and to other countries too, but the template is a good one and initial results are encouraging.<sup>39</sup> In 2015, the agreement was extended to air-to-air encounters as well.<sup>40</sup> There are still occasional risky approaches. But according to Admiral Harry Harris, speaking to the Wall Street Journal in August 2016, they are typically caused by “poor airmanship, not some signal from Chinese leadership to do something unsafe in the air.”<sup>41</sup>

Of course, not all is well. For one thing, despite the desirability of a number of China’s greater international military roles, there are potential downsides, too, from a U.S. perspective. China is selling more arms abroad, sometimes to dangerous states, with cumulative exports from 2009 through 2014 more than twice those of the previous five-year period. It deploys submarines to the Indian Ocean in purported support of its counterpiracy efforts, but more likely to improve its familiarization with the region, and for reconnaissance.<sup>42</sup> It also does far more exercises with other countries’ militaries than before—31 in 2014, in contrast to an earlier average the previous decade of about seven per year.<sup>43</sup> Such greater roles are not inherently bad, but they merit vigilance just the same. They can be counted neither an asset nor a debit when evaluating progress towards the agenda that Steinberg and I developed in “Strategic Reassurance and Resolve.”

Regarding surveillance, I know of no improvements in how the two countries interact in what remains a largely competitive process. The goal here cannot be to eliminate the competitive dimension of things, but to control and manage it. China is thought to be considering a system of underwater sensors in the South China Sea; this would mimic America’s historical sound surveillance systems from Cold War periods (directed principally

<sup>39</sup> Vago Muradian, “Interview: U.S. Navy’s Admiral Jon Greenert,” *Defense News*, August 31, 2015, available at <http://defnews.ly/1EvSqEY>.

<sup>40</sup> Department of Defense, *Military and Security Developments Involving the People’s Republic of China, 2016*, pp. 124-132.

<sup>41</sup> David Feith, “A Pacific Admiral Takes China’s Measure,” *Wall Street Journal*, August 7, 2016, available at <http://www.wsj.com/articles/a-pacific-admiral-takes-chinas-measure-1470436129>.

<sup>42</sup> *Military and Security Developments Involving the People’s Republic of China, 2016*, p. 22; and Ely Ratner, Elbridge Colby, Andrew Erickson, Zachary Hosford, and Alexander Sullivan, *More Willing and Able: Charting China’s International Security Activism* (Washington, D.C.: Center for a New American Security, 2015), p. 22.

<sup>43</sup> Oriana Skylar Mastro, “The Vulnerability of Rising Powers: The Logic Behind China’s Low Military Transparency,” *Asian Security*, vol. 12, no. 2 (May-August 2016), p. 72.

“At a time when nerves are often frayed and tensions often palpable in both Beijing and Washington, these hopeful indicators need to be kept clearly in mind and built upon.”

against Soviet fleets) and is probably unavoidable.<sup>44</sup> China also appears to be setting up monitoring operations in places such as Australia and Djibouti where U.S. military forces operate, quite likely for reconnaissance purposes, and it is constructing what appears to be a naval port in the latter location.<sup>45</sup>

But all things said, the general category of military-to-military cooperation and confidence-building is showing considerable promise. At a time when nerves are often frayed and tensions often palpable in both Beijing and Washington, these hopeful indicators need to be kept clearly in mind and built upon.

A final point, related to this subject even if distinct from it, is that of American promotion of Chinese political reform. Washington is well within its rights to advocate for greater human rights, political rights, religious freedoms, and openness in general in the PRC—as well as equal and fair treatment for the economic interests of American firms and individuals doing business in or with China. Yet these U.S. tendencies may cause President Xi to fear that the United States favors major political upheaval in China, perhaps an East Asian variant of a so-called color revolution. Some of this Chinese anxiety is inevitable. If kept within bounds, some of it may even be desirable, from an American perspective, to spur Chinese leaders on to further reforms. But Washington should underscore that it does not seek to promote revolution or disorder in China, and that it acknowledges and admires the huge progress China has achieved in recent decades. Such words will not make the problem disappear, but they can help ensure it does not snowball out of control.

## Conclusion

It has become fairly common, if not yet quite conventional wisdom, to think of the U.S.-China relationship as headed on a bad path. Some in the

<sup>44</sup> Richard D. Fisher, Jr., “China Proposes ‘Underwater Great Wall,’” *Jane’s Defence Weekly*, May 25, 2016, p. 6.

<sup>45</sup> Jane Perlez, “U.S. Casts Wary Eye on Australian Port Leased by Chinese,” *New York Times*, March 20, 2016, available at <http://nyti.ms/1R8Jx>; and Jeremy Page, “China Builds First Overseas Military Outpost,” *Wall Street Journal*, August 20, 2016, available at <http://www.wsj.com/articles/china-builds-first-overseas-military-outpost-1471622690>.

United States have blamed President Obama for not being firm enough in his dealings with the Chinese; most Americans blame China, regardless of whether they also critique Obama. Most Chinese, by contrast, probably see little distinction between any recent American presidents in their tendencies towards assertiveness and hegemonic behavior, and may even see the so-called rebalance as evidencing a more hawkish approach they sometimes describe as containment. With all the recent tensions over the Senkakus and South China Sea—as well as cyber, Korean peninsula matters, and missile defense disputes—many are quite anxious about trends in the security relationship.

My analysis suggests a more nuanced and somewhat more hopeful perspective. To be sure, concern is warranted, and work is needed, on many fronts. But judged against the norms of history during periods of hegemonic change, the interactions of the United States and the PRC have been reasonably restrained to date. Moreover, there are a number of positive steps and efforts underway. There is much left to do—and many dangers and pitfalls to avoid, as well as current patterns of behavior in need of improvement. But there is much to build upon as well.

## ABOUT THE AUTHOR

Michael O'Hanlon is the director of research for the Foreign Policy Program at Brookings. He also serves as co-director of Brookings's Center on 21st Century Security and Intelligence. O'Hanlon is the author of many books on U.S. defense and security policy. His latest is *The \$650 Billion Bargain* (Brookings Press, 2016). He is also the author of *The Future of Land Warfare* (Brookings Press, 2015), and co-author of *Strategic Reassurance and Resolve: U.S.-China Relations in the Twenty-First Century* (Princeton University Press, 2014) with James Steinberg.



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1775 Massachusetts Ave., NW  
Washington, D.C. 20036  
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