

Reshaping the Security Order in Asia-Pacific

by *Alain Guidetti*

Key Points

- The shift of the global balance of power from the West to the East, which results from the sustained economic growth of China and Asia and the weakening of Western economies prompted by the 2008 global financial crisis, has deep implications over the security environment in Asia-Pacific
- China's increasing economic might and strategic ambitions put to test the US security order in the region, along with numerous security challenges – as territorial disputes in the South China Sea, the future of Taiwan, the Korean nuclear issue and regional structural weaknesses related to historic legacy and rivalries
- The US response to the challenge posed by Asia's and mainly China's rise, focused on the "rebalancing" strategy towards Asia, is increasing the strategic competition between the US and China for preeminence over the Asia-Pacific
- Several scenarios can be envisaged about the future Asian order, from an unlikely status quo, to a balance or a concert of powers, to a two-pole governance, or to a Chinese primacy

The international strategic landscape is evolving at an unprecedented pace. The widespread assumption is that the global balance of power is shifting from the West to the East (and the South), as a consequence of the convergence of two variables: the sustained economic growth of China and Asia over recent decades, and the Western economic downturn since the 2008 global financial crisis. Though interpretations differ on the meaning and magnitude of this power shift, the prevailing assumption is that it reflects the weakness, and for some the relative decline, of the US and the West against Asia's and primarily China's strong rise. The implications of these developments across the Asia-Pacific are deep and have already led to growing strategic competition between Beijing and Washington for preeminence over the Asia-Pacific and new uncertainties over global and regional governance.

The global economic crisis, while prompting the weakening of Western economies by pushing the US to an unsustainable budget deficit and the Eurozone to an existential crisis, had less of an effect on the major Asian economies which pursued, after a break in 2009, strong economic growth despite a slow-down in global demand. Whereas the Western share of global GDP shrinks (the US share is 19.5 percent in 2010, and estimated at 17.7 percent in 2017; the EU share is 20.4 percent in 2010, and 17.2 percent in 2017, according to the International Monetary Fund), that of Asia reached 27.4 percent in 2010, and studies suggest it could reach as much as 33.7 percent in 2020 and 50.6 percent in 2050 (according to the Asian Development Bank).

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China's rising might and ambitions

The spectacular emergence of Asia is mainly led by the unprecedented development of the Chinese economy over the last 30 years (average growth of some 10 percent until 2010, 8.5 percent in 2012). China became the world's second largest economy in 2010 and the world's first trade exporter and the major trade partner of the US and Europe (second). This performance, while reflecting China's new economic might, boosts its influence in the governance of world affairs, as illustrated by its ascent to the rank of third largest member country of the IMF (2010) and its growing weight in the UN, the UN Security Council as well as in regional institutions, such as ASEAN.

The fast rise of China is not only reflected by its growing global, economic and political influence. It is also paralleled by a strong rise in military might. After two decades of double digit military growth, China has now the world's second highest military budget (USD 108 billion in 2012, 2 percent of GDP), far behind the US (USD 693 billion, 4 percent of GDP) but well ahead of Japan, Russia, India, reaching up to more than a 30 percent share of regional defense expenditures.

The strategic priorities of the People's Liberation Army reflect China's growing global might and rising ambitions, as China has extended its economic reach worldwide. They are gradually expanding from the defence of China's continental territory to force projection within East Asia and further in the Pacific and Indian Oceans, in order to secure sea lanes of communication, in particular through

the boosting of platform capabilities.¹ Furthermore, in recent years China has developed anti-satellite capacities, anti-ship ballistic missiles, cruise missiles, and cyber-warfare capabilities, as well as what American strategists call Anti-Access and Area Denial capabilities, which have the potential to prevent the entry of military forces in the near seas of China. These developments are putting to test the “Pax Americana” in East Asia and the Western Pacific, and the overall dominance that US military power has been enforcing in the region, for the first time since the Cold War.

China’s increasing military capabilities and the challenge that they represent to US military preeminence in the Western Pacific have raised suspicions regarding its long term strategy, in Asia and in the US. Some American strategists suspect that China is preparing to push the US military out of the Taiwan Straits and the Western Pacific in a strategy reminiscent of the US Monroe doctrine applied to East Asia, which would allow China to replace the US as the dominant regional power. In parallel, they point out China’s increased assertiveness since 2009 in its policy in the South and East China Seas, to highlight China’s ambitions towards the littoral states. Yet assertiveness in the China Seas’ territorial disputes is currently demonstrated by all littoral countries in the absence of settlement in the framework of the UNCLOS (UN Convention on the Law of the Sea) or other ad hoc arrangements.

US “rebalancing” response

The American response to the perceived increasing challenges posed by China has oscillated over the last decade between engagement (cooperation) and hedging (associated with containment). The Obama Administration reformulated the US strategy in 2010 by defining the notion of “rebalancing” of US posture towards Asia, in the context of the American withdrawal from Iraq and Afghanistan. US “rebalancing” is “an integrated diplomatic, military, and economic strategy that stretches from the Indian sub-continent through Northeast Asia”.² In November 2011, State Secretary Clinton labeled this rebalancing as the (controversial) US “pivot” towards Asia, aimed at “reaffirming the US leadership in the region”.³

The new US strategy is based on the strengthening of existing bilateral military alliances (Japan, Republic of Korea, Australia, Philippines, Thailand) and the development of non-formal strategic security partnerships, bilateral and unilateral, with other Asian players, in particular India, Singapore, Vietnam, Indonesia. The two main pillars are Japan, the strongest military ally and third world economy and India since 2005, the other rising giant of Asia.

The other elements of this strategy include a renewed commitment to cooperate with China (the engagement side of the strategy towards Beijing), a new focus on regional multilateralism, and the promotion of trade and democracy. The Air-Sea Battle strategic concept currently developed by the US military and its corollary, the Joint Operational Access Concept, aiming at countering the Chinese asymmetric warfare strategy, provide additional weight to this narrative. In addition, Defense Secretary

Panetta disclosed last July that the ratio of US navy deployment would shift from 50 percent-50 percent to 60 percent towards the Pacific by 2020.

From this viewpoint, the American rebalancing strategy has also spurred Chinese suspicions of a US strategy leaning towards containing China’s rise without directly confronting it, rather than engaging China. If such a perception prevails, it might undermine the US narrative that Washington still primarily wants to cooperate with China. Thus, it would add to the mutual strategic mistrust prevailing against a backdrop of increasing strategic competition. At the same time, the US strategy faces its own dilemma: in addition to being perceived as uselessly confrontational, its sustainability has been questioned, since it “might not be able to meet the expectations that it has created”.⁴

The possible implementation of the US Budget Control Act that imposes USD 1.2 trillion in spending cuts on the DoD over nine years (known as “sequestration act”) in addition to the already existing cut of USD 480 billion over the ten coming years would likely reinforce these perceptions of a gap between the narrative of rebalancing and the presumed capacity to deliver. The efforts of the US Administration to ascertain its commitments have not prevented Asian states from questioning the legitimacy of this predicament. Furthermore, many also question whether it is realistic to reposition part of the US forces out of the Middle-East in times of great instability in that region.

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Challenges to the Pax Americana

In addition to the rise of Asia and China, a series of factors contribute to the changing environment in the Asia-Pacific. Among the most important is the new strategic dimension of the South China Sea, given its location at the crossroads of major sea lines linking Northeast Asia to the Indian Ocean, where one third of the world shipping and 80 percent of China’s oil imports transit, against the backdrop of a proliferation

of territorial disputes and competition for energy resources and fish stocks. Furthermore, according to some US strategists, it has become a central aspect of US-China military rivalry: “The South China Sea is where the balance of power between China and US might be tested”,⁵ since the pre-eminence over this area might well be the first step of military competition between the US and China, as it is at the crossroad of many of the regional points of tension.

Another factor is the uncertainty of the current transition in North Korea in the context of the unresolved nuclear issue and tensions on the Peninsula, in addition to the stalling of the ad hoc negotiation mechanism of the Six Party-Talks since 2009. An additional element is the sustainability of the status of Taiwan against a backdrop of increasing Chinese military advantage and the absence of Sino-US agreement for the longer term stability of the Taiwan Straits. More broadly, the relative weakness of the current pan-regional mechanisms aimed at addressing regional security, the ASEAN led frameworks (in particular ASEAN Defense Ministers Meetings Plus and East Asia Summit) only makes these challenges more difficult to manage. This seems all the more worrisome in the context

1 International Institute for Strategic Studies, *The Military Balance 2012*, London, Routledge, p.211.

2 K. Lieberthal, “The American Pivot to Asia”, *Foreign Policy*, Dec. 2011.

3 H. Clinton, “America’s Pacific Century”, *Foreign Policy*, Nov. 2011.

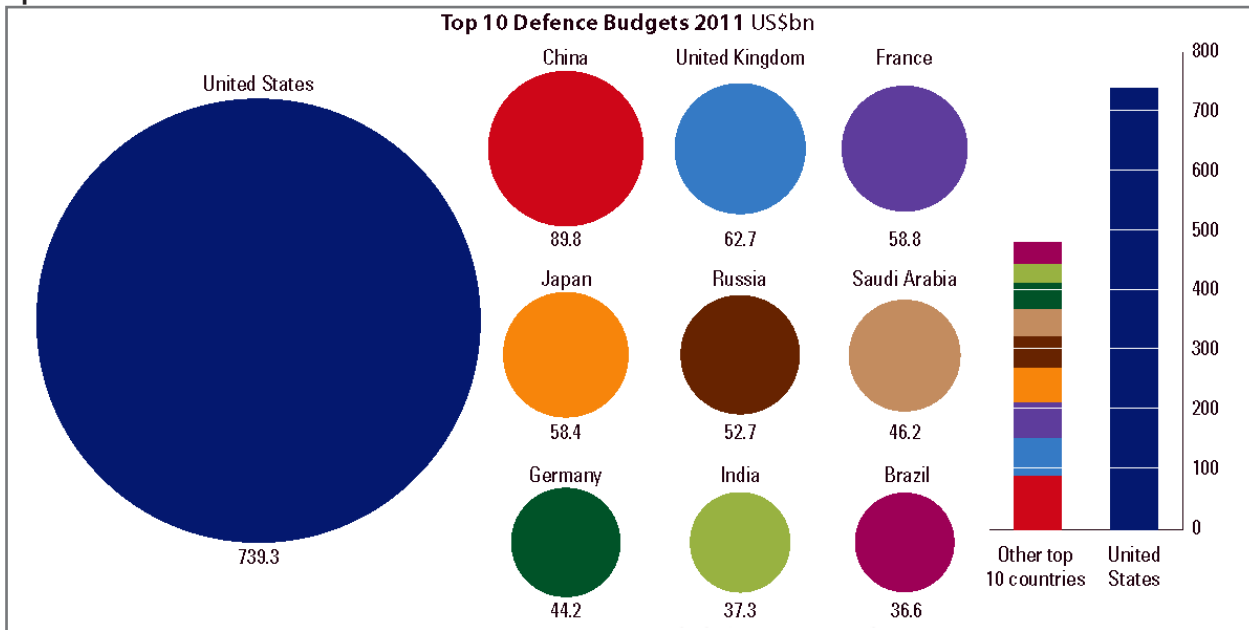
4 Lieberthal, *op.cit.*

5 P. Cronin, R. Kaplan, “Cooperation from Strength: The United States, China and the South China Sea”, Center for a New American Century, Washington, DC, Jan. 2012, p.12.

of a growing regional arms race: Asian countries are ranking first in terms of military budgets growth, with China in first position as the US plans an increasing military presence.

In the field of security, competition has a more worrisome dimension. The US led order is put to test by China's increasing military capabilities and expansive strategies, which in turn is prompting a US response in the form of the "rebalancing" strategy.

Comparative Defence Statistics



"Chapter Two: Comparative defence statistics", *The Military Balance 2012*, IISS, 112:1, p. 31.

Eventually, the increasing nationalism spreading throughout many Asian societies (from China to e.g. Japan, RoK and Vietnam), as well as structural weaknesses in the region such as deep historic rivalries and entrenched distrust (e.g. China-Japan, RoK-Japan, China-Vietnam, China-India) and the heavy historic legacy and aspiration for "restauration" (China, RoK, Vietnam) will make the management of those challenges even more difficult. All these factors are ingredients for an increasing regional instability and for growing pressure over the "Pax Americana", in times of US budget restrictions and a looming inclination within the US constituency towards retrenchment from the international arena.

This raises renewed security concerns in Beijing about presumed containment and encirclement policies from the US, in a dynamic typically illustrative of the security dilemma facing both sides. This dynamic affects the overall relationship between China and the US, since strategic mistrust and strategic competition are factors that increasingly shape the relationship between both countries, and beyond the security environment of the Asia-Pacific area.

More dialogue needed

The strong economy and trade integration of Asia, with its dense and sometimes confusing network of Preferential Trade Agreements (PTAs) in the framework of ASEAN is certainly a factor that helps to mitigate the centrifugal forces that operate in the region. But this also has a downside, since economic and trade rivalries are looming, in particular between loose ASEAN and China-led PTAs and the US-led and highly standardized Trans Pacific Partnership (TPP) project, which critics as well as sponsors consider as the "economic and trade arm" of the US effort at countering China's economic and commercial dominance in the region.⁶ Furthermore, the strong basis of economic integration between Washington and Beijing, which is at the core of the principle of mutual engagement, is not exempt of direct frictions, as competition and growing protectionist tendencies are growing as a consequence of the economic downturn.

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Against this backdrop, it is vital that the cooperative dynamic that has been operating between the two powers continues to prevail over a competitive and "zero-sum" dynamic fueled by distrust and strategic competition. Essential ingredients for the cooperation dynamic are dialogue and understanding in order to build respect and trust. Yet, while such a dialogue is well established in the field of economic cooperation, it seriously lacks consistency in the field of security (the bilateral Strategic and Economic Dialogue does not fill the gap). The current political transition in both Beijing and Washington offers an opportunity to enhance dialogue in the security field that should not be missed.

What Asian order?

Several scenarios can be envisaged about Asian order that could emerge out of the rise of China in emerging Asia. They can be shaped around four different models.

One scenario would be the continuation of the status quo order in the Asia-Pacific. It is based on the American supremacy that has ruled the region since the end of WWII and in particular the end of the Cold War. This order is considered as having underpinned the relative stability of the region, secured the sea lines of communication, prevented the resumption of war on the Korean Peninsula and Taiwan and facilitated the integration of East Asia into the global economy. In a status quo, the US economy

6 See B. Gordon, "The Trans-Pacific Partnership and the Rise of China", *Foreign Affairs*, Nov. 2011; P. Petri and M. Plummer, "The Trans-Pacific Partnership and Asia-Pacific Integration: Policy implications", Peterson Institute for International Economics, June 2012, p.2.

would remain the leading world economy and its military advantage would be preserved, despite Chinese competition. The consolidation of the US alliances network would help to maintain US security dominance and to persuade China that the best option is to remain stakeholder in the current order.

Second, this rationale is questioned by those who consider that the era of American supremacy is coming to an end, even if the US remains the predominant security player in the Asia-Pacific. According to this viewpoint, the relative decline of American power in Asia in economic, political and strategic terms challenges the status quo: the region is shifting towards a de facto kind of multipolarity. The second scenario takes into account this development and poses an Asian balance of powers (based on the experiment of the European 19th century order), whose rationale is some form of power equilibrium between the regional players, that would essentially help to prevent the emergence of a new dominant power. The US might be the *primus inter pares*, but it would have to cooperate with the other players to preserve regional stability. This model is not very far from the strategy of the American “rebalancing” that aims to preserve a US preeminence/leadership as a result of the realignment of regional players towards China’s rise. Yet, this scenario raises the question of the capacity of the system to manage the complex interaction caused by the strategic competition of the two major powers and the ongoing economic integration of the region.

Third, a more cooperative model of governance is a Concert of Asia, which would manage power relations between the major regional players, mainly the US, China, Japan and India. It would imply, despite competition, many elements of cooperation such as a capacity for dialogue, trust in each other’s intentions and a common perception of prevailing risks, such as nuclear proliferation, energy se-

curity, emergencies management, etc., as well as a common approach of some of the most sensitive issues as e.g. the North Korean nuclear programme, Taiwan, the Iranian nuclear issue, etc. Meeting these conditions would require a strong sense of common interests that might seem at odds with diverging interests and perceptions still prevailing between the two leading powers. A variant that seems to be currently advocated in China would be a cooperative or consultative mechanism between Washington and Beijing on global governance issues, called “C-2”, perhaps not dissimilar but less formal than the former G-2 concept. According to this view, a “Cooperation Two” mechanism would aim at facilitating consensus between the two leading powers on the outlines of management of major global and regional security issues – before they are addressed in a larger audience.

Finally, Chinese primacy in East Asia is a fourth option that would mark the return of Asia to the historic sino-centric regional model of governance. China is already the major trade partner of most Asian countries and the trigger of Asian growth. Its political and strategic influence in the region and beyond is growing accordingly. In the – unlikely – event of an American retrenchment, China would presumably assume primacy in East Asia, a situation that would satisfy those in China motivated by a desire for “restoration” after the “century of humiliation”, and the pride of a long history of Chinese primacy in East Asia. For this scenario to materialize, some conditions should be met, notably the continuation of strong economic growth in China and its capacity to overcome numerous domestic challenges. Another condition would be a loss of American appetite for primacy, which does not seem likely despite the economic downturn the US is facing and the growing influence of isolationist sentiment.

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NB: This paper is solely the opinion of the author and does not necessarily reflect the official view of the GCSP.

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