

ICAS BULLETIN

Institute for China-America Studies

**A Bimonthly Survey of Research and Analysis
on US-China Relations**

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Commentary:

Managing China's
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the South China Sea

by Greg Austin

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Publications

A Framework for US Policy toward China

Jeffrey Bader

Brookings Asia Working Group Paper #3, March 2016

Before assessing policy options for the US regarding China, Bader attempts to place recent developments in context. He points out that Xi Jinping's foreign policy is broadly consistent with post-1978 Chinese foreign policy in general and that China has become a significant partner for many nations including the United States. It has, moreover, taken steps to become more integrated into existing regimes of international order and it has been exceedingly conservative in the military domain. Bader describes America's policy options for China as falling into three camps: accommodation; containment/confrontation; and "global cooperation, regional resolve." Bader chooses the third of these options, in which the US seeks to avoid making an enemy of China and cultivates cooperation on the global stage, while also realizing that the US must manage its conflicts of interest with China in the Western Pacific with resolve.

Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific "Island Chains"

Andrew Erickson and Joel Wuthnow
The China Quarterly No. 225, March 2016

The authors examine the significance of the concept of “island chains” to Chinese strategic planners and what this might suggest for the future of military postures in the Western Pacific. They contend that while Americans often assume that Chinese strategists think of the island chains in terms of a “counter-intervention” strategy—i.e., they are primarily valuable to those who would surround China—many Chinese writings suggest otherwise. Rather, Chinese strategists also think of the island chains as “barriers” to PLAN’s freedom of maneuver, “springboards” for power projection and “benchmarks” for measuring the progress of force projection capabilities.

President Xi Jinping’s “Belt and Road” Initiative: A practical assessment of the Chinese Communist Party’s Roadmap for China’s Global Resurgence

Christopher Johnson
 CSIS, March 2015

Johnson examines the “Belt and Road” initiative (usually called OBOR in the US) from the perspective of long-standing Chinese foreign policy goals and the specific interpretation of these goals by President Xi. OBOR is an extension of China’s longstanding strategy of peaceful development, but it is also a vehicle for Xi’s more specific goals for realizing the “Chinese dream” and cultivating a more active foreign policy. As such, while Johnson sees many obstacles and difficulties inherent in the initiative, it will receive much political backing and will likely attain some degree of success. Johnson notes that there is surprisingly little pushback against the idea of growing Chinese influence across Eurasia—even from Russia—and there have been few efforts by nations to leverage their favorable geography to gain more concessions from China. This is in part because of the great need for infrastructure investment across Asia. Johnson describes the US government response to OBOR to be one of “strategic lethargy” and notes that the initiative doesn’t quite fall under the purview of any US government entity. This may result in poor communication with allies connected to OBOR projects and missed opportunities for US firms to participate.

Who’s Arming Asia?

Jonathan Caverley and Ethan Kapstein
Survival 58:2 March 2015

This article examines trends in arms sales to Asian nations and notes that while Asia is currently the region of the world spending the most on weaponry, the United States’ competitiveness in arms sales in the region is slipping. This is in part because the US domestic arms industry is geared toward supporting the United States’ unique power projection needs rather than more typical anti-access technologies sought by most countries. In addition, the US has some of most stringent arms-export regulations in the world. To the authors these dynamics constitute a missed opportunity for the US to influence its security environment. Moreover, the

proliferation of anti-access capabilities can create some possibly unexpected complications for all parties in the region.

Can Obama and Xi Calm Troubled Waters?

Jeffrey A. Bader

Brookings Institution, March 21, 2016

This article highlights issues in the South China Sea and global economic health as two of the major agenda topics when President Obama meets with China's President Xi Jinping at the Nuclear Security Summit in Washington, DC. The fact that President Obama's only bilateral meeting with any of the 52 heads of state and government attending the summit was with Xi was an indication of the importance he attaches to the US-China relationship, explains Bader. Bader notes that President Obama's remaining time in office should give indications whether the South China Sea will be managed constructively or increasingly be a venue of dangerous strategic rivalry. The article also draws attention to the differing levels of perception with regards to US-China relations: the "hyperventilating punditry chatter" that focuses on aggressive maritime disputes, Chinese economic woes, and its military modernization; and the official US view of the relationship, emphasizing positive and areas of potential cooperation

Beijing Ups the Ante in South China Sea Dispute with HQ-9 Deployment

Timothy R. Heath

China Brief, Jamestown Foundation, March 29, 2016

Heath discusses China's recent deployment of two batteries of eight Hongqi-9 (HQ-9) surface-to-air missile (SAM) launchers to Woody Island in the Paracel Islands. He points out that, although this is not the first time that China has sent the advanced SAM system to the islands, this latest deployment is different in that it was not part of any military exercise. Heath highlights the militarily significance as well as the political and strategic significance of China's move. He contends that the missile deployment only incrementally increases China's control over the air space in the South China Sea as it scarcely covers more than a fraction of the vast airspace of the South China Sea. Heath warns, however, that although the risk of China shooting down airplanes in an unprovoked attack is low, the US—and all other countries that traverse the South China Sea—have reason to be cautious, since the deployment greatly complicates any crisis scenario in the area.

Events

China as a Responsible Stakeholder? A Decade Later

Project 2049 Institute, March 23, 2016

This conference on China's recent new roles in the international system included an address by Evan Feigenbaum, a panel discussion on a variety of global governance issues and a discussion with Ashley Tellis about China's global strategy.

Book Launch: *China's Future*

Wilson Center, Kissinger Institute on China and the United States, March 24, 2016

Shambaugh introduced his new book, *China's Future* and discussed it with Robert Daly. The book assesses the current state of China's economy, society and policy, and discusses possible scenarios for China's future. He described China's economy as being in a state of stalled reform, with many of the Third Plenum's reforms facing political resistance or other difficulties. Chinese society, to Shambaugh, is "volatile" and "stressed." He described China's domestic politics in terms of oscillations between "opening" and "closing" regarding political and economic reforms, but described the current period as one of "closing" that dates back to 2009. In Shambaugh's eyes, this complicates China's quest to escape the middle income trap and move up the value-added ladder and become an advanced economy, since this goal can be met only through significant economic liberalization and structural adjustments in areas like finance.

The Emerging China-Russia Axis: The Return of Geopolitics?

Brookings Institution, March 24, 2016

Brookings' Thomas Wright was joined by Akihiro Iwashita, David Gordon, and Chisako Masuo to discuss the character of China-Russia relations and examine whether new developments indicate a return to a more overtly competitive global landscape. Wright began by recounting an anecdote told by Henry Paulson: according to the former Treasury Secretary, China refused to collaborate with Russia during the 2008 financial crisis to intensify America's financial troubles. Thus, if zero-sum politics have reappeared on the world stage, it would have been more recently than this episode. Moreover, Wright notes that China's foreign policy is predicated on conflict-avoidance. That being said, he noted that neither China or Russia (or any other states that aren't liberal democracies) are completely comfortable with the current international order. He further claimed that both would prefer greater "spheres of influence" than are feasible given the United States' current insistence on a fully open international system.

China's "Belt and Road" Initiative and Implications for Global Infrastructure Development

CSIS, March 28, 2016

CSIS convened a panel to introduce two new reports on infrastructure development: Christopher Johnson's report on China's Belt and Road initiative (discussed above); and an accompanying report discussing US policy, "Global Infrastructure Development: A Strategic Approach to US Leadership" by Daniel Runde, Conor Savoy and Charles Rice. The discussion featured Johnson and Runde, along with Ziad Haider, John Hurley and Olin Wethington.

Commentary

Managing China's "Strategic Shock" in the South China Sea

Greg Austin

China's trade partners in the Asia Pacific do not understand what it wants on its ocean frontier. Or perhaps more correctly, none of them really agree on China's motivations. That is partly because it suits each of them to exploit propaganda value out of China's actions for its own narrow interests, often seated in domestic politics, rather than participating in a constructive and collective strategic approach to international resolution of the problems. This disagreement is also caused in part by the fact that few countries in Asia have strong, independent academic or intelligence expertise on China's maritime policy.

This is not helpful when China itself has a fragmented decision-making process for maritime frontier policy in an international environment that is reeling from China's willingness to deliver a strategic shock (island building) and where China is displaying a lack of interest in genuine negotiation on the maritime disputes.

This is a dangerous constellation of risk and ignorance. A circuit breaker is needed, as is more sustained and serious scholarly assessment of China's policy. The escalating tension will not be reversed until interested parties can defuse the strategic shock caused by China's massive upgrading of pre-existing artificial islands through 2015.

What was this strategic shock? China has been developing artificial structures on submerged features in the Spratly Islands since 1988, when it moved to give a physical manifestation of its legal claims in place since at least 1933. At that time, China was forced to occupy submerged features by building artificial structures because other claimants had occupied all natural islands in the Spratly group.

The first Chinese structures were comically inadequate. On Mischief Reef in the mid-ocean, China built three connected platforms on stilts driven into the reef, each platform with a corrugated iron habitation built on it. The facility was manned by Chinese military personnel from the outset. Over time, China extended these artificial structures with pouring of concrete

and making them gradually less flimsy and more habitable, including eventually the construction of a helicopter landing pad. In 1988, when China started to build its artificial structures, two rival claimants, the Philippines and Vietnam, had air strips that could accommodate small fixed wing aircraft.

Later, Malaysia built an airstrip on one of the islands it claimed and had occupied prior to 1988, while the Republic of China (Taiwan) which had occupied Taiping Island first in 1946, and then again in 1956, built an air strip in 2007.

On May 13, 2015, US Assistant Secretary of Defense David Shear told the Senate Foreign Relations Committee that China's rival claimants, especially Vietnam, had been very active in extending their physical control. Shear also pointed out that as of that time, China did not have an airfield as other claimants did. He testified:

“All of these same claimants have also engaged in construction activity of differing scope and degree. The types of outpost upgrades vary across claimants but broadly are comprised of land reclamation, building construction and extension, and defense emplacements. Between 2009 and 2014, Vietnam was the most active claimant in terms of both outpost upgrades and land reclamation, reclaiming approximately 60 acres. All territorial claimants, with the exception of China and Brunei, have also already built airstrips of varying sizes and functionality on disputed features in the Spratlys.”

Shear was reporting that “Since 2014, China has reclaimed 2,000 acres -- more land than all other claimants combined over the history of their claims”. This comparison by Shear was at best irrelevant or at worst misleading. China was not “reclaiming” land around otherwise existing islands. It was from the outset extending artificial structures on submerged reefs. At the time of the Shear statement, the land area of natural islands in the Spratly group, all occupied by other claimants, combined was already around 1,200 acres, and that figure does not take into account any man-made extension of those land features through reclamation.

The “acres of concrete” debate is somewhat fetishistic. It bears little relationship to bigger strategic realities in terms of national power confrontations. But the debate about acres still matters. It shows how deeply shocked all non-Chinese observers have been, even those more understanding of China's political position on the island claims, by the scale of the additions to China's artificial islands and their undoubted—if minimal—military potential.

So how do we deal with the maritime strategic shock delivered by China in a climate of risk and ignorance? States hostile to China's island building, while dealing with the shock, need to understand that China is drawing a very big red line. In 1986, China's most liberal Communist Party leader Hu Yaobang, made an unprecedented leadership visit to the Paracel Islands. He declared that China would never surrender an inch of its claims. The Chinese military plan to establish a physical presence on submerged features in the Spratly Islands was undoubtedly made around this time.

With its island building in the past 18 months, China has demonstrated that it will never resile from its territorial claim to the Spratly Islands and that it will compete at every level of international relations, including armed conflict if necessary, to defend the claims. If states opposed to China's claims do not acquiesce in some way, then we are clearly on a pathway to a serious military clash of some kind over the sovereignty issue. Given what we know about these countries opposed to China, that acquiescence will never come absent a major military "lesson" from China.

The only hope for enduring peace in the Spratly Islands is for China to move from a posture of strategic shock to one of strategic experimentation directed at keeping the peace. For more than twenty years, scholars from China and elsewhere have proposed several practicable and peaceable compromises for the South China Sea disputes.

China has surprised the world with its policy innovations, ranging from "one country, two systems" to special economic zones and membership of the Communist Party for business people. It is time for this spirit of flexibility to inform China's foreign policy on maritime disputes.

This will not happen without a reform of China's foreign policy apparatus to liberate it from PLA control through the Central Military Commission, which sets all strategic international policy for China where there is a significant military dimension. This may be the main meaning of the strident rhetoric under Xi Jinping for the proposition that the PLA must be absolutely loyal to the political leadership of the Communist Party.

Greg Austin is a Professor in the University of New South Wales Canberra and a Professorial Fellow in the EastWest Institute (New York). He is author of China's Ocean Frontier: International Law, Military Force and National Development (1998) and has been researching China's foreign policy since 1983, with some five books on the subject.