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Ryo Sahashi

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Japan Center for International Exchange
4-9-17 Minami Azabu, Minato-ku, Tokyo 106-0047 Japan
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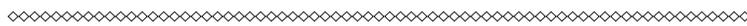
Japan Center for International Exchange (JCIE/USA)
274 Madison Ave, Suite 1102, New York NY 10016 USA
URL: www.jcie.org

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A DECADE HAS PASSED since the terrorist attacks of September 11. Even in America, people have begun to question the war on terror, as they look at the tremendous expansion of the country's defense spending and national debt and at the same time observe the advances of the new, rising powers whose economies continue to grow. Interest in Asia is expanding, reflecting both expectations that Asia can serve as the engine for global economic growth and concerns over the latent instability in the region. In the wake of the current global financial crisis, it seems that the moment for debating unipolarity has passed, and the focus is shifting to discussions on the global power shift and the potential changes to the international order that entails. Against this backdrop, the United States is reacting to the Asian "revival" with its own "return to Asia."

This all comes as Asia's regional order—and particularly the regional security architecture—goes through an important transformation. Both the United States and Japan have long seen the US-Japan alliance as the cornerstone of the regional order in Asia Pacific. Now, as the regional security architecture evolves in this era of power shifts and globalization, they need to adapt and make sure that the US-Japan alliance remains as vital and useful as it has been in the past.



Ryo Sahashi is an associate professor at Kanagawa University and a research fellow at the Japan Center for International Exchange. He specializes in international politics and is currently focusing on regional security architecture in Asia Pacific as well as Japanese security policy. Previously, he served as a postdoctoral fellow at Australian National University as well as an assistant professor at the University of Tokyo. Dr. Sahashi is also a senior research fellow at the Sasakawa Peace Foundation and a Tokyo Foundation–German Marshall Fund Partnership Fellow. He received his PhD from the Graduate Schools of Law and Politics at the University of Tokyo and a BA from International Christian University, after studying at the University of Illinois, Urbana-Champaign.

The Regional Security Architecture

The security architecture in Asia Pacific has been characterized by the coexistence of the American bilateral hub-and-spokes alliance system, the special relationships among former communist bloc countries, and the broader regional frameworks—primarily centered on ASEAN—that encourage cooperation among member states. That architecture is now changing. There has been a great deal of attention paid to the rising importance of the nontraditional security agenda as one of the main reasons why the security architecture has had to evolve, but this paper focuses on another factor, the rise of China and the power shift that this rise is driving.

The US alliance network has been building on the existing alliances and further strengthening itself by increasing cooperation with non-allied countries as well. For example, the *Strategic Survey 2011*, published by London's International Institute for Strategic Studies, notes that there have been clear efforts by countries to balance China's capabilities and strategic intentions by strengthening diplomatic and military cooperation with the United States, engaging China in multilateral institutions, and acquiring their own military capability.¹

At the same time, however, it is worth noting that both the United States and China are working in parallel to pursue diplomatic and security cooperation with the small and medium-sized states in the region, and efforts are being made to strengthen the inclusive bilateral and multilateral institutions and dialogues that involve both China and the United States. At this point, the rise of China has not yet tipped the scales of power in China's favor, and thus what is emerging in the region is a combination of security agreements and efforts to counter and exclude China along with those that include China.

Why are such ambiguous changes occurring despite the fact that China's power is clearly on the rise? Why are we in a continuing state of what could be called strategic hedging? First, one factor is that the United States and China—and the small and medium-sized states in the region—are trying to avoid overt political and military confrontation given the increasing complexity of their interests and the region's deepening dependency on China as an emerging market as well as in terms of finance and manufacturing supply chains. Rather, the heightened political influence of China is increasing the use of institutions and negotiations in a way that conceals conflict.

Second, even in an era of power shifts, there is an awareness that the United States and its alliance network will remain predominant in the region for the foreseeable future. There is little rationale for any country in the region to accept China's political influence to the extent that it entails relinquishing its own autonomy. At the same time, Asian countries have expectations about the deterrence posture and public goods that the United States will provide, and the process through which the United States and small and medium-sized states have mutually reconfirmed the Obama administration's "return to Asia" has offered a certain level of satisfaction in that respect.

Finally, the challenge that small and medium-sized states are facing from China is relatively limited in degree. They are not in danger of having their political and economic systems overthrown, but rather the potential risks they face involve increasing political pressure from China and the possibility of territorial disputes, although even the probability of low-intensity armed conflict over these issues is not particularly high. For that reason, small and medium-sized states in the region are counting on outside support to bolster their military capabilities and are interested in using the influence of major powers for the purpose of

rule creation and soft balancing. In other words, small and medium-sized states are concerned about the loss of their autonomy as a result of cooperation with great powers, so in order to maximize their interests and maintain the existing order, they have adopted the line that they should remain “not too close and not too far” from the great powers.

This paper focuses specifically on China’s impact on the regional security architecture, using the following definition of regional security architecture:

“Taking the distribution of power in a given region as the fundamental component, the overall structure of interrelationships between alliances, functional cooperation, and regional cooperation formed among the main actors who have common interests in regional security in order to achieve clear objectives.”²

In other words, this paper examines how the shifting balance of power that China’s rise represents will change alliance-based cooperation, functional diplomatic and security cooperation outside of the alliances, and regionwide cooperation. This paper also considers whether those changes are interrelated. After first discussing the reactions of the great powers and of small and medium-sized states to this rising nation, the next three sections analyze how that is being reflected in alliances, functional cooperation, and regionwide cooperation. Then, the final section briefly discusses the outlook for Asia Pacific and draws conclusions based on the assumption that these changes do indeed comprise a long-term power shift.

Theoretical Framework: A Rising Power and the Regional Response

There have been numerous reports forecasting continuing strong economic growth for China, India, and the other newly emerging powers, supported by the continuing advance of globalization. In the late

2020s, the Chinese economy is expected to surpass that of the United States in terms of nominal GDP, and the global currency system is expected to shift toward a system based on a dollar-euro-renminbi triad. If the current trend of a shrinking US defense budget and steadily growing People’s Liberation Army (PLA) continues, it is possible that China will catch up to the United States in terms of military expenditures as well in 2030. Many economists also predict that the level of trade dependency on China among countries in the region will rise. Using a gravity model of trade, for example, some predict that Japan’s trade with China will increase from the current level of 20 percent of Japan’s total trade to more than 40 percent by 2030.³

In an era of globalization and rapidly deepening interdependence, what type of response to the rise of China can be expected from great powers and small and medium-sized states? When thinking about how the great powers will respond, power transition theory may provide a clue. According to one influential theorist, A. F. K. Organski, as the relative power of a dominant great power and a rising but dissatisfied state becomes more similar and the latter tries to achieve parity, it becomes difficult for the dominant state to maintain the status quo through deterrence or coercive diplomacy. Therefore, the dominant state typically opts to create defensive alliances, while on the other hand, the dissatisfied challenger has the incentive to bring about change in order to fulfill its own objectives. Opinions are divided in terms of which of those comes first, but the concern is that this situation can produce wars between great powers. Power transition theory, however, does not adequately consider economic interdependence or the existence of common interests. In addition to looking at whether or not the challenger state is satisfied with the status quo, attention must also be paid to the dominant power’s preferences, the extent of

Figure 1. Politics in response to rising, dissatisfied powers

		Risk Propensity of Dominant Power	
		<i>Risk-averse</i>	<i>Risk-acceptant</i>
Nature of Revisionist Power's Aims	<i>Limited</i>	<ul style="list-style-type: none"> • Engagement • Binding • Mixed strategy 	<ul style="list-style-type: none"> • Containment/balancing • Engagement through strength
	<i>Revolutionary</i>	<ul style="list-style-type: none"> • Containment/balancing 	<ul style="list-style-type: none"> • Preventive war

Source: Randall L. Schweller, "Managing the Rise of Great Powers: History and Theory," in *Engaging China: The Management of an Emerging Power*, ed. Alastair Iain Johnston and Robert S. Ross (London: Routledge, 1999), 24.

increasing opportunities for negotiation, and the role of institutions. Those elements must be incorporated into the analysis as well.⁴

For that purpose, Randall Schweller offers a useful framework, as outlined in figure 1. In short, if the intentions and actions of rising powers that are seeking to revise the status quo remain limited, then a dominant power that is risk averse will opt for engagement and binding through negotiations and institutions. If the rising power has "revolutionary" intentions, on the other hand, and makes those intentions clear through revisionist behavior, the risk-averse dominant power will act to balance the power of its rival. Dominant powers are not always averse to risk, however. A given country may become willing to accept risk for domestic political reasons. Also, because dominant powers need to create and maintain defensive alliances, one cannot eliminate the possibility that a dominant power will act in a risk-acceptant way in order to gain the trust of a small or medium-sized state. In such a case, the power-balancing actions toward the rising power would become more provocative, and revolutionary actions by the rising power would raise the danger of a preventive war. However, with the increased interdependence brought about by globalization and the high cost of war in the nuclear age, the scope for risk acceptance has become

substantially narrower, and a preventive war in particular would be difficult.

How do small and medium-sized states respond to a rising power? Robert Ross, noting that realists have different views on this question, asserts that in areas where China's relative power is increasing vis-à-vis that of the United States, small and medium-sized states are choosing to bandwagon with China and are not strengthening cooperation with the United States.⁵ Meanwhile, in areas where the United States military power is still adequate for maintaining the status quo, and particularly in maritime Asia where America has naval supremacy, they are choosing to cooperate with the United States. However, it would be a misinterpretation of the facts to say that the response of small and medium-sized states, including the ASEAN nations, is caught in a dichotomy between allegiance to China and the promotion of security cooperation with the United States.

Even today, we do not see countries in the region sacrificing their ties to one country and allying themselves with the other. The stance evident among Southeast Asian nations is to try to enmesh the great powers in regional institutions and norms. Evelyn Goh examines the diplomatic approaches of Southeast Asian nations and notes that they are not choosing one or the other great power, but rather are

consciously promoting the formation of the regional community as a whole and pursuing both the “omni-enmeshment” of great powers and a balance of influence. Since inclusive institutions can contribute to this objective, they are expanding membership to the great powers.⁶ Why are small and medium-sized states trying to avoid choosing sides? It is simply because forming an alliance with one great power implies a loss of autonomy. An alliance can be seen as a trade-off between autonomy and security, so if the small and medium-sized states are trying to ensure their autonomy, that gives them a motive for stopping short of an alliance and pursuing loose security cooperation. Also, these nations are reliant politically and economically on both China and the United States, and if they see a benefit in maintaining those relationships, that provides an even stronger motivation.

Of course, small and medium-sized states will probably not abandon efforts to strengthen their capability to provide for their own country’s security, but will act to achieve maximum gains at minimal cost. Cheng-Chwee Kuik, who writes about hedging strategy, identifies five behavioral patterns to guard against risk and uncertainty: indirect balancing, dominance denial, economic pragmatism to maximize returns, binding engagement, and limited bandwagoning. These, he notes, are undertaken simultaneously and represent the essence of hedging.⁷ The objectives and measures within these five behavioral patterns overlap. The strategic hedging behavior of small and medium-sized states is probably best defined as the simultaneous pursuit of three objectives: the acquisition or strengthening of deterrence and response capabilities, soft balancing, and integration.⁸ Soft balancing implies the creation of an equilibrium with the influence of great powers, while integration indicates the inclusion of great powers in the regional and international order. Small and medium-sized states are simultaneously

employing these options, which lie in between all-out balancing and bandwagoning, in an attempt to maintain their autonomy to the greatest extent possible and at the same time maximize their benefit.

Soft balancing is indirect balancing and is a control-denial behavior. According to Robert Pape, at the stage where small and medium-sized states have not yet been able to arrange a coalition against a great power, those states can apply nonmilitary tools, such as international institutions, economic statecraft, and neutrality, to prevent the use of force by the great power.⁹ Kai He presents institutional balancing as a form of soft balancing, stating that in an age of interdependence, this option is frequently selected based on cost-benefit considerations. In the same essay, He posits that under the conditions of unipolarity, non-hegemonic powers will attempt exclusionary institutional balancing to counter the hegemonic power, while under multipolar conditions they will pursue inclusive institutions to bind potential threats.¹⁰ The need to secure their interests and autonomy from any great power and the difficulty of achieving cooperation leads small and medium-sized states to opt for soft balancing. The difficulty in cooperation stems from asymmetrical information and differing threat perceptions.

The fact that the rise of China has led to an increase in security cooperation among the great powers and the small and medium-sized states in Asia Pacific, and to the development of inclusive institutions, can be understood in the context of the framework described above. In other words, if revisionist behavior by a rising China became evident, it would give the United States a motive to behave in a way that is more conscious of the balance of power. However, at this point in time, small and medium-sized states do not perceive a sufficient threat to make them choose to create a formal alliance. Since they are at a stage

where they have not yet succeeded at coordination, they thus favor the enmeshment of the great powers through inclusive institutions. As a result, they are pursuing informal security cooperation with the United States, while at the same time working to develop inclusive regional institutions, and also attempting to strengthen their relations with China in order to maintain balance in bilateral relations.

In fact, the influence China has gained in the region is still not strong enough to prevent countries from engaging in behavior it finds undesirable. It has not been able to gain concessions on territorial issues, let alone stop countries from strengthening their ties to the United States.¹¹ At the same time, however, small and medium-sized states are working to maximize their interests by maintaining their relations with China, and maintaining their autonomy by persuading China to become integrated through regional institutions. While the great powers recognize the benefit of trying to pull small and medium-sized states away from other great powers through diplomatic policies, they have still not been able to achieve that objective. While the United States continues to be dominant militarily, the political bipolarity between the United States and China is increasing. Nonetheless, there has not yet been a division of the small and medium-sized states into two camps.

The Evolving US Alliance Network

The Changing American Posture

In its first three years, the Obama administration has taken numerous steps to lay out its strategy of a US “return to Asia.” Since taking office, Secretary of State Hillary Clinton has repeatedly emphasized the US commitment to Asia, making more trips to the region than her predecessors.¹² In July 2010, she attended the ASEAN Regional Forum, where she

confirmed US support for the freedom of navigation and open access to maritime commons in the South China Sea, calling for a resolution to disputes in accordance with the UN Convention on the Law of the Sea, a stance on which the foreign ministers of the 10 nations concurred.¹³ And in July 2011, the US commitment to Asia Pacific was repeatedly acknowledged and emphasized in a speech by Secretary of Defense Robert Gates, in an interview given by Admiral Robert Willard (commander, US Pacific Command), and in a speech by Secretary Gates’s successor, the newly appointed Secretary of Defense Leon Panetta.¹⁴ And it is not only statements by government officials; the US “return to Asia” has progressed in the form of increased port calls by naval vessels and assistance for capacity building. Even as its military budget is shrinking, the US effort to secure its commitment and its budget for its efforts as a “Pacific nation” is drawing attention.

In a prominent article in the November 2011 edition of *Foreign Policy*, Secretary Clinton reaffirmed the importance of Asia policy and outlined the six pillars of that policy: strengthening bilateral security alliances; deepening cooperative relations with China and other emerging powers; engaging in the region’s multilateral institutions; expanding trade and investment; pursuing a broad-based military presence; and strengthening democracy and human rights. Secretary Clinton stated, “Our challenge now is to build a web of partnerships and institutions across the Pacific that is as durable and as consistent with American interests and values as the web we have built across the Atlantic.” Interestingly, after touching on the importance of the US alliances with Japan and South Korea, she described the alliance with Australia, saying, “We are also expanding our alliance with Australia from a Pacific partnership to an Indo-Pacific one, and indeed a global partnership.” She also noted that the United

States is increasing the number of ship visits to the Philippines and is working to train Filipino counterterrorism forces through the Joint Special Operations Task Force in Mindanao. In terms of US-China relations, not only did Secretary Clinton point to the importance of military dialogue, but she also indicated the administration's intention to embed US-China relations in human rights issues, existing alliances, and economic and social relations, and made clear that the US goal was to maintain a rules-based order. Clearly this article is intended to emphasize the importance of values in America's desired order, and thus India and Indonesia are lumped together and treated as important democratic countries with large populations. On Vietnam, the article emphasized encouraging reform of governance capabilities, human rights conditions, and political freedoms in the context of engagement.¹⁵ President Obama and Secretary Clinton's November 2011 visits to the region and their remarks during those trips at the East Asia Summit, the APEC meeting, and other venues served to confirm the so-called "return to Asia," or the "strategic pivot" as it has been termed in the US media.

The core motivation for the United States is to maintain a rules-based order, ensure access to sea lanes, and hold on to its leadership position based on military dominance. Reacting to the criticism that during the Bush administration's war on terror the United States had neglected Asia, the Obama administration has felt it important to showcase its "return to Asia" to counterbalance China's growing influence as well as the concern in the region about a weakening US commitment to Asia. As evidence, the administration has pointed to a strengthening of alliances and institutions as well as an enhanced military presence, and it has expressed strong concern about China's maritime advances.¹⁶

Strengthening and Expanding the Alliance Network

An alliance is defined as "a mutual promise of military support between multiple countries," or "a formal or informal commitment between two or more countries to provide security cooperation to one another." Realists have indicated that alliances are formed as a means of balancing power by combining the national power of multiple countries, and in part the decision by some small and medium-sized states to form an alliance with the United States has undoubtedly been influenced by their perception of a benefit in bandwagoning with the hegemonic United States, stabilizing the status quo, and developing closer ties to the United States. It has also been noted that, since the end of the Cold War, countries with similar values have continued to maintain alliances because of their shared interest in maintaining the international order and dealing with security risks.

Unlike the formation of the multilateral alliance in the North Atlantic, the bilateral alliances in Asia Pacific were constructed in a hub-and-spokes pattern with the United States at the hub. There were a number of factors that contributed to this: following World War II, there were quite a few countries in Asia that were becoming newly emerging nations shortly after decolonization; there was a distrust of Japan in the region that made it difficult to create a multilateral alliance that included Japan; and there was a hidden prejudice in the United States, which viewed Asia as a politically immature region. In addition, because a number of countries had a strong desire to change the status quo—e.g., South Korea, which became a "divided nation" during the Cold War; the Republic of China after its relocation to Taiwan; and South Vietnam—for the United States to be able to constrain its allies, bilateral alliances were preferred. By creating alliance relationships that could remain

asymmetrical, it would lessen the opportunities for the other party to speak out.

Even after the end of the Cold War and up until today, the hub-and-spokes alliance system and forward deployment have formed the nucleus of America's Asia strategy. Over the past several years, there has been a notable strengthening of US-Japan, US-Australia, and US-South Korea relations.

In June 2011, the US and Japanese governments expanded their Common Strategic Objectives, incorporating many items on the agenda that can be interpreted as reflecting a mindfulness of China.¹⁷

Similarly, at the 2011 Australia-US Ministerial Consultations (AUSMIN) that bring together the foreign affairs and defense officials from the two countries, there were a number of items on the agenda that seemed to be aimed at China, such as cooperation on cybersecurity, renewed deliberations on the increased deployment of US military and related facilities to Australia, and the use of military force in the South China Sea. President Obama's November 2011 visit to Canberra also confirmed this trend with the new plan to rotate US Marines through a base on Australian soil.

In US-South Korea relations, the emergence of a conservative administration and the escalating tensions on the Korean Peninsula in 2010 provided incentive to strengthen ties. China's response after the sinking of a South Korean naval vessel, the *Cheonan*, hardened popular opinion in South Korea toward China.

The Philippines is involved in a dispute with China over territory in the South China Sea, and tensions began to re-escalate around 2005. The trilateral Joint Underwater Seismic Undertaking, which was carried out by the Philippines, China, and Vietnam, came to an end in 2008. In the winter of 2011, 2+2 talks between the United States and the Philippines

were carried out at the bureau chief level. President Benigno Aquino decided to purchase a US Coast Guard Hamilton-class cutter, and in a speech given in September 2011 in New York, he listed maritime security as a "security imperative" for the Philippines, noting that the country had committed 40 billion pesos (roughly US\$925 million) to modernize its armed forces over the next five years. President Aquino also visited China in August 2011, and while taking pains to maintain relations with that country, he has refused to make any concessions on territorial issues with China and has instead signed an agreement with the United States, the Philippines' only formal ally, to lease weapons and equipment, and has pressed for a clear commitment from Washington on mutual defense in times of crisis.¹⁸

Singapore and the United States signed a strategic framework agreement in 2005. Although the two countries are not formally allied, US naval vessels made approximately 150 port calls to Singapore in 2010 alone, showing a major military presence. Having recognized the power shift underway in Asia, Singapore is proactively trying to use America's engagement in the region as a means to ensure its own autonomy. At the June 2011 Shangri-La Dialogue, US Secretary of Defense Gates stated that the United States would deploy cutting-edge littoral combat ships to Singapore, demonstrating that the United States also views Singapore's geopolitical position as important and intends to make use of that.

India and the United States similarly have no treaty alliance, and the prospects for such an alliance are slim, but the two countries are engaged in high-level security cooperation. They have made a number of promising steps in terms of collaboration focused on terrorism and many other nontraditional security issues. India has also been pushing for agreements on technology cooperation on nuclear energy and

in other fields. However, US-India military exercises such as Exercise Malabar are related to operations at the tactical level and are qualitatively quite different from the multilateral exercises involving non-allied nations that focus on humanitarian relief and disaster response. Such exercises have been carried out repeatedly in the Western Pacific recently.

Security cooperation among those US allies that form the “spokes” has also been evident in recent years, creating what might be called an alliance web. One factor underlying the advance of such cooperation is the low “transaction costs” created precisely because these countries are US allies, so rather than focusing on annihilating an enemy, these efforts are expected to handle activities that belong to a middle ground of capacity building, warning and surveillance, and deterrence. Japan-Australia relations have shown the most notable progress, as a Trilateral (US-Japan-Australia) Strategic Dialogue and joint training exercises are being carried out. Japan-India relations are taking a similar trajectory; in addition to US-Japan-India trilateral exercises, plans are also underway for a US-Japan-India strategic dialogue at the bureau chief level and a Japan-India bilateral naval exercise. Japan and South Korea have been looking for ways to strengthen their relationship as the situation on the Korean Peninsula deteriorated in 2010. In addition to a trilateral meeting of the foreign ministers of the United States, Japan, and South Korea, the countries confirmed their intention to strengthen trilateral relations in a joint statement issued at the June 2011 US-Japan 2+2 Meeting (formally known as the US-Japan Security Consultative Committee). Meanwhile, Japan and the Philippines agreed in June 2009 to form a strategic partnership, and in September 2011, President Aquino reached an agreement with Prime Minister Yoshihiko Noda to bolster maritime security ties. In addition, there have been efforts to broaden

the scope of Australia-India, Australia–South Korea, and South Korea–India relations through declarations on security cooperation and other means.

A “Mutual Reaffirmation” of US Engagement and the Management of Relations with China

The US alliance network has clearly been growing stronger in recent years. The United States and its allies have included many nontraditional security issues among the global security threats they are addressing, and the same trend is evident in cooperation among the “spoke” countries as well. Such cooperation is one means being used to strengthen the network, and is also in part aimed at maintaining the global order, but another important objective is clearly to balance the rise of China. In order to maintain relations with China, US allies and partners are avoiding any explicit indication of strengthening their deterrence posture or securing political influence in the context of China’s rise. However, by promoting cooperation on cybersecurity, maritime security, and other issues, and by spelling out their burden sharing with the United States across a broad area, America’s allies are demonstrating their intention to underpin the US commitment to the region. By the same token, the United States is also confirming its solidarity with its allies and partner countries and promoting greater cooperation with them as a way of preserving its own interests, the current order (which is inseparably connected to its interests), and its predominance.

But it would be difficult to claim that the strengthening of the alliance network is being accompanied by large-scale military expansion or strategic shifts on the part of the allied nations. The reason for that seems to be that America’s allies recognize the fact that the United States will continue to be the predominant power for the foreseeable future,¹⁹ so despite their wariness over a decline in US engagement due

to domestic politics and a shift in focus to the Middle East, they have come to realize that by affirming US engagement in this region, they can preserve the regional order.

Because they are allies, there is a strong need for these countries to adopt a posture that stresses the importance of that alliance, but even so, the actions of small and medium-sized states indicate their intention of strengthening relations with China as well. In particular, since the days of the Thaksin administration, Thailand has been trying to strengthen military ties with China through the observation of military exercises, arms purchases, education, joint training, and other means. Even since the Thaksin era, China has been making an effort to maintain ties, and the Joint Action Plan on Thailand-China Strategic Cooperation signed in 2007 succeeded in incorporating not only increased dialogue and joint training, but also wide-ranging cooperation. The two countries have carried out joint training of special forces, and there has even been a proposal to jointly develop weapons. In terms of economic relations as well, Thailand is becoming increasingly dependent on China.²⁰

Under the Arroyo administration, the Philippines initially accepted massive financing from China for railroad construction; Chinese and Filipino state-owned corporations agreed to joint exploration in the South China Sea; and, after the Philippines pulled its troops out of Iraq, China made numerous proposals for military exchanges. These initiatives have all since been halted due to the domestic political turmoil in the Philippines. However, the country's trade with China has been steadily growing, and the importance of investment from China remains unaltered even under the Aquino administration. In March 2011, after word spread that China had blocked a study of energy resources in the disputed area by the Philippines, President Aquino used a meeting with

Chinese Defense Minister Liang Guanglie to try to calm the situation, and in August he visited Beijing to attract Chinese direct investment to the Philippines.

Japan, South Korea, and Australia are also finding that their economic interdependence with China is deepening much in the same way as Southeast Asia's is, although relatively speaking their relationships are not as lopsided. Thus, they are not as vulnerable to Chinese pressure, and their actions are focused on using China's growth for their own nations' interests and drawing China into the international order. Australia is emphasizing China's integration into the international community and its inclusion in the Asia Pacific architecture; although the Labor Party administrations of Kevin Rudd and Julia Gillard have been wary of China, their governments have nonetheless carried out joint exercises with the Chinese navy. In 2010, Japan and South Korea also saw their relations with China become increasingly tense, particularly as public sentiment in both countries turned strongly against China, and the two countries made efforts to improve their ties with China through measures such as government-led dialogues. As one result, the three countries were able to open a Trilateral Cooperation Secretariat in Seoul in 2011.

The Deepening of Non-alliance-based Diplomatic and Security Cooperation

The Expansion of Functionalist Security Cooperation

There has been a notable rise in functionalist security cooperation in Asia Pacific—cooperation that is not based on an alliance and is not intended at the present time to develop into an alliance. Fearing the loss of their autonomy and unwilling to accept the costs that would be incurred by strengthening ties with one great power or the other, small and medium-sized

states have increased their security cooperation. Their primary goal is to address security challenges, but such cooperation is also intended in part to balance relations with the great powers. For example, there has been an increase in maritime security cooperation among countries in the region—from the littoral states of the Western Pacific to those in the Indian Ocean—because international terrorism is using and targeting maritime routes and because there is a need to address issues such as piracy, international crime, smuggling, and natural disasters. But another reason that the small and medium-sized states in Southeast Asia are so eager to beef up their maritime capabilities is the expansion of China's military prowess and its increasing frictions with its neighbors.²¹ At the same time, an increasing number of these countries are trying to strengthen their ties with the United States, in part to ensure that there is a countervailing political influence. However, there is little possibility of these arrangements developing into alliances. Rather, the intent of the Southeast Asian countries is still to combine this response with the development of an inclusive, comprehensive, regional framework.

Relations between the United States and non-allied small and medium-sized states are being strengthened through exchanges of visits by high-level government officials and the issuance of joint statements, enhanced staff-level exchanges, port calls, participation in military reviews, humanitarian missions, and the provision of training and technology.²²

In 2010, Indonesia and the United States reached accord on a Defense Framework Agreement, and following a visit by President Obama to Jakarta, the two countries launched the US-Indonesia Comprehensive Partnership. Prior to this as well, Indonesia had participated in exercises led by the US military through RIMPAC (Rim of the Pacific Exercise), Cobra Gold, and CARAT (Cooperation Afloat Readiness and

Training), and at the 2010 RIMPAC, land exercises were held together with Malaysia for the first time. Also in recent years the United States has provided Indonesia with RHIBs (rigid-hulled inflatable boats) and improved its radar facilities. In the fall of 2011, the Indonesian government set up a meeting of the ASEAN defense ministers to correspond with a visit by US Secretary of State Panetta, and they agreed to purchase 24 used F-16 fighter planes from the US military once they were upgraded to current standards.

Some analysts point to improved US relations with Malaysia, too, as a successful example of its growing ties with Southeast Asian nations. There has been more contact between the Malaysian navy and the US 7th Fleet, including between submarines, and the number of port calls by US naval vessels has tripled over the past five years.²³

US-Vietnam relations have also been improving. In 2010 the two countries signed an accord on nuclear power and in August 2011 they signed an agreement between the two militaries on medical cooperation—their first military agreement since the Vietnam War. As Vietnam seeks to bolster its naval force, it has purchased six kilo-class submarines from Russia, but it has also announced the opening of Cam Ranh Bay for port calls by foreign military vessels, and US navy port calls are expected to become routine in the future.

Meanwhile, CARAT, a series of bilateral training exercises, was launched by the United States in 1995 with six countries—Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Cambodia began participating in 2010, while the United States held similar but separate activities with Vietnam, and in 2011 Bangladesh became the eighth CARAT participant.²⁴ The United States also held defense talks with Cambodia in February 2011 and with Brunei in September 2011.

Two of America's allies, Japan and Australia, are also increasing their bilateral security cooperation with countries in the region. For example, when Vietnam's defense minister, General Phung Quang Thanh, visited Japan, the two countries pledged to hold regular high-level discussions with a focus on maritime security. Japan's Ministry of Defense has established an office for the purpose of supporting capacity building in Southeast Asian nations. Japan and Australia are also working to support maritime security capacity building by providing equipment, training, and education to various countries, and Japan has provided substantive leadership for regular meetings of top officials.

India's diplomatic approach to Southeast Asia has also become increasingly active in recent years, and its declaration in summer 2011 that it would participate in planning discussions regarding Vietnam's energy exploration in the South China Sea shows how it, too, is striving to counter China's influence in the region.

“Mutual Reaffirmation” of American Engagement and Managing China Relations

Why has security cooperation outside of traditional alliances increased in such a prominent manner in recent years? And what are the characteristics of this cooperation? As indicated by the South China Sea issue, the acquisition of the capability to defend coastlines and islands, including paramilitary capability, has become increasingly important to small and medium-sized states in recent years. As a result, they are using the United States and Japan as a source of equipment and training to help them develop that capacity, while at the same time calculating that their efforts to upgrade their capabilities will induce China and other potential rivals to participate in norm creation. This is happening in the context of the US “return to Asia,” through which the United States is seeking to balance China's rising political influence.

However, the economic dependency of Southeast Asian nations on China is deepening, and in many cases, political and security relations are becoming stronger, making it quite possible that their security cooperation with the United States and Japan will become constrained. Also, few experts and government officials in Southeast Asia show any sense of urgency over the possible Chinese use of force to the extent that it would result in a conflict.

Vietnam is engaged in a dispute with China in the South China Sea, and in order to strongly defend itself against the kind of pressure from China that would jeopardize its autonomy, it has responded by welcoming US naval vessels and strengthening political dialogue with the United States, while at the same time repeatedly sending top officials to China in order to avoid excessive tension. Given the historical background between the two countries, though, it is unlikely that Vietnam will overcome its distrust of the United States enough to engage in close security cooperation in the near future.

In recent years, Indonesia has also begun to strengthen its ties to China, and following their 2005 strategic partnership declaration, they reached an agreement on defense cooperation in 2007, the details of which were not made public. Those agreements were not followed up with substance, however. Plus, it is worthwhile noting that Indonesia has been playing the US-relations card and it has shifted the sources of its weapons purchases to countries in which it has a higher level of trust. Partly because it is serving as the ASEAN chair in 2011, Indonesia is stressing the role of ASEAN and the integration of both the United States and China in the region.

Similar moves can be seen in Malaysia. In June 2009, Prime Minister Najib Abdul Razak—whose father had established diplomatic relations with China when he was serving as Malaysia's second prime

minister—visited Beijing and further strengthened ties between the two countries with an agreement on a strategic action plan. Recently as well, it was reported that Malaysia, Vietnam, and China had reached a trilateral agreement to cooperate on the nontraditional security issue of human trafficking.

All-Inclusive Regional Institutions

The Development of Inclusive Institutions

A number of regionwide institutions have emerged with ASEAN at the core, including the ASEAN Regional Forum, in which foreign ministers participate, as well as the ASEAN+3, which includes Japan, China, and South Korea. In the fall of 2010, an expanded ASEAN Defense Ministers' Meeting (ADMM) was held with 18 countries participating—the East Asia Summit participants plus the United States and Russia—and the underlying mechanisms for this new ADMM Plus were created. Most notably, in 2011 the United States and Russia officially joined the East Asia Summit—which includes the ASEAN+3 countries as well as Australia, New Zealand, and India—and President Obama took part in the proceedings, even though the Russian president and prime minister were unable to attend due to elections. This represents a major shift in the US approach to the region. Up until this point, the United States had been negative about regionwide institutions, in part because they were developing at a sluggish pace and, in part, because they seemed unlikely to function as venues for multilateral discussions on the region's most pressing and sensitive issues, such as those involving Taiwan and the South China Sea. It is also worth noting that in October 2011 Secretary of Defense Panetta proposed that the ADMM Plus be held annually rather than every three years as it is now. It appears that as China's influence expands, the

role of regional institutions centered on ASEAN as venues for achieving a balance between the United States and China is being underscored.

The Inclusion of Both the United States and China

It has been noted that one factor behind the expansion of the East Asia Summit was a shift in the positions of Singapore and Indonesia, countries that were initially negative about adding new members. In the context of increasing calls for a substantive regional framework centered on great and middle powers, as seen in the proposal by then Australian Prime Minister Rudd for an Asia Pacific Community, the expansion of the East Asia Summit can be seen as having been intended as a way of maintaining the centrality of ASEAN.

Against a backdrop of heightened tension among claimants in the South China Sea territorial disputes, regional actors are seeking to counter a militarily and economically overwhelming China, not only through solidarity within ASEAN, but increasingly by taking advantage of the US presence in multilateral frameworks and by attempting to achieve balancing within institutions. Japan's ongoing political turmoil is also lending greater weight to powers from outside the region.

In this context, China is also gradually allowing itself to be bound to institutions and norms, and there is an awareness among Southeast Asian policymakers that those institutions and norms are a means that can be used by small and medium-sized states. In addition, there is also a recognition among them that, at least in the short term, there will be no sudden change to the regional order as long as American military forces remain in the region.

The United States had been concerned that Asia would create a framework that would exclude it, thereby decreasing American political influence and

depriving it of economic opportunities. This can be seen in the US opposition to the Asian Monetary Fund concept that was raised during the Asian financial crisis, and in its strong initial criticism of the “East Asian Community” proposed by Prime Minister Yukio Hatoyama. But it now feels the need to participate fully in regional institutions, even if it sees its engagement in these as just one of a range of approaches in its foreign policy portfolio.

Implications of the Changing Regional Security Architecture

All in all, what types of changes are we beginning to see in the Asia Pacific regional security architecture as a result of China’s rise? This paper has divided those potential changes that can be predicted based on a long-term, theoretical perspective from those changes that can be observed in today’s transition period and in the near future. In the latter category, it would be difficult to claim that increasing interdependence or the nature of the threats have led to any current efforts at simple balancing, bandwagoning, or movement toward the creation of concert of powers.

The slow progress of Asia Pacific organizations based on ASEAN, which is trying to retain its centrality in regionalist movements, the conservative stance of the great powers toward regionalism, and the strength of the US alliance networks in the region have been pointed out by many analysts. However, this paper has noted several additional points.

First, over the past few years, America’s alliance network has been strengthened, and the rise of China can be seen as one reason for that trend. The bolstering of US-Japan relations and US-Australia relations are good examples of that. Cooperation is progressing among America’s allies themselves (i.e., nations that are not direct allies) and the hub-and-spoke

relations on the whole are becoming stronger as well. This backdrop provides a motive for a continued US commitment to the region.

In addition, security cooperation in functional areas among countries that are not part of the traditional US alliance network has also been increasing. US-Vietnam and US-Indonesia initiatives have been particularly prominent, especially in terms of maritime issues. Japan and Australia are also working to strengthen their ties with these countries. However, even as they pursue closer ties with the United States, all of the ASEAN countries continue on a parallel track to push for closer ties with China as well. This trend is particularly strong in the foreign policies of Vietnam, the Philippines, and Indonesia. While attracting assistance from United States and other great powers, they are continuing to act in ways that help them retain their political autonomy.

A growing number of institutions are now including both China and the United States, as seen in the 2010 ADMM Plus and the 2011 East Asia Summit. This trend is probably being propelled by motivations such as intra-institutional balancing and the desire to have America’s continued commitment to the region. But there is also a suppressive element in these institutions, as they sometimes function as a way of masking conflict, and as was seen in the movements leading up to the 2011 East Asia Summit, it can become difficult to reach an agreement on security issues that satisfies all participants.

Under these conditions, it is clear that the most important determinant of the shape of the regional order will be the level of cooperation and conflict in US-China relations. At best, soft balancing by small and medium-sized states is only bringing about limited substantive change in the behavior of China and the United States. So far, it is difficult to say that the institutions that both the United States and China have

joined have contributed significantly to the kind of stability in US-China relations that the regional order requires. Rather, the traditional problem with regional institutions still persists: there is little will on the part of either country to move ahead with substantive debates in institutions that the other belongs to.

The goals of the United States include confidence building with China, the formation of crisis-management mechanisms, the deterrence of China's territorial expansionism, and the recognition of America's position in Asia Pacific, while China is seeking to attenuate the influence of the United States and its alliance network, secure energy resources, and expand its influence over small and medium-sized states. However, their aims are not all incompatible. By first reaching and complying with agreements in areas where agreement is feasible, eventually sharing a common understanding on the division of power, and then expanding the scope of their agreements, the United States and China can ultimately advance the stability and integration of the region.

Role of the US-Japan Alliance

What does this all mean for the US-Japan relationship? Firstly, even in this era of austerity, Japan should work closely with the United States on efforts to promote alliance networking and functionalist cooperation in order to sustain the US commitment to Asia Pacific. Furthermore, Japan should reallocate more diplomatic and military resources and attention to the region by making Asia Pacific its top strategic priority

and encouraging all of the arms of government to contribute to international cooperation from this strategic perspective. At the same time, as discussed throughout this paper, Japan should recognize the concerns about autonomy among Asian states. Japan can help to shape a more stable and advantageous regional security environment by assisting them as they strengthen their own capacity to protect their vital interests, rather than by forcing them to choose sides with one particular power in the region.

Secondly, Japan has the responsibility to promote community building through bilateral and inclusive multilateral mechanisms with China. Japan should avoid moves that can drag the region into rivalry, and it should endeavor to encourage rule and order creation that reflects a new balance of power. This will entail encouraging the United States to work with China on functional and all-inclusive security and economic cooperation, as well as efforts to enhance bilateral China-Japan relations, including by prioritizing the establishment of crisis management mechanisms and joint gas development in the East China Sea.

Thirdly, Japan also needs to avoid a situation in which just the United States and China deepen their collaboration at the expense of the interests of the region's middle and smaller powers. To this end, it should maintain a leading role in shaping the regional order and also work to enhance the kind of bilateral and trilateral dialogues with the United States and China that promote a greater sharing of the vision of this order.

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