US-China relations have had their ups and downs since the end of the Cold War, with periodic attempts to develop better understanding and cooperation. However, relations deteriorated around 2010 with Washington, and possibly also Beijing, feeling let down by the behavior of other side.

This seemed related to what the US saw as a new and dangerous level of Chinese assertiveness at a time when China was also becoming militarily and financially stronger. Beijing’s actions in the South China Sea, suggestions that it might regard the Sea as a core interest, and resulting concerns among US allies and friends led the US to intervene in the issue at the July 2010 ASEAN Regional Forum (ARF) in Hanoi and thereafter.

Perhaps even more significant, from the US perspective, was China’s feeble response to North Korea’s provocations. Beijing not only failed to condemn the North Korean shelling of South Korea’s Yeonpyeong island in November 2010, it opposed the deployment of a US aircraft carrier group on the Korean west coast in a demonstration of Washington’s support for its South Korean ally. This may have suggested to the US that China was trying to control and limit US response to North Korean aggression against an American treaty ally, which, if allowed, would damage US credibility in the region.¹

The consequent US perception that its relationship with China was in danger of sliding into dangerous new tensions led to the announcement of the US “pivot” to Asia, as well as new efforts to forge an understanding with China.

PIVOTING AND ENGAGING

The “pivot” to Asia, announced in President Obama’s 17 November 2011 address in the Australian parliament, was a robust, even strident, statement of US determination to maintain its strategic position in the Western Pacific, whatever the US budgetary constraints. It was a message to China as well as to allies and friends. The “pivot” was not entirely a new idea because the previous Bush Administration had already announced that the US security focus would be on the “East Asian Littoral” stretching from Japan to the Bay of Bengal, which was not very different from what the Pentagon now describes as the “Indo-Pacific” region. Moreover, the US was already engaging more actively with East and Southeast Asia even before Obama’s speech in Australia. However because of Chinese assertiveness in 2010 a strong statement was needed and it was made in Canberra.\(^2\)

The US emphasized that it is a resident power in Asia, bolstered its military alliances, and is seeking to strengthen the defence capabilities of its allies. It has also stepped up its diplomacy in virtually every country in Southeast Asia as well as in the South Pacific islands. It has joined the East Asia Summit. There is also more stress on building stronger economic ties with East Asia.

The importance of renewed engagement with China to reach some form of modus vivendi was highlighted by Secretary of State Hillary Clinton in March 2012. She described “the US-China project” as:

> “unprecedented in the history of nations...[the US is] attempting to work with a rising power to foster its rise as an active contributor to global security, stability and prosperity....And we are trying to do this without entering into unhealthy competition, rivalry or conflict; without scoring points at each other’s expense .... We are, together, building a model in which we can strike a stable and mutually acceptable balance between cooperation and competition. This is unchartered territory. We have to get it right, because so much depends on it....There is no intrinsic contradiction between supporting a rising China and advancing America’s interests.”\(^3\)

Former Secretary of State Henry Kissinger has cautioned that without a serious attempt at better mutual understanding and cooperation, there is great danger that Sino-American tensions would escalate. He urges the two countries to

\(^2\) Ron Huisken, ibid.

\(^3\) Hillary Clinton’s address at the US Institute of Peace, Washington, 7 March 2012.
“seek together to define the sphere in which their peaceful competition is circumscribed…if that is managed wisely, both military confrontation and domination can be avoided; if not, escalating tension is inevitable. It is the task of diplomacy to discover this space, to expand it if possible, and to prevent the relationship from being overwhelmed by tactical and domestic imperatives.”

Some others who have urged efforts to find a cooperative co-existence with China include Zbigniew Brezinski (once National Security Adviser to former President Jimmy Carter); respected China-watcher David Shambaugh; and Prof Hugh White in Australia who has advocated Sino-US power sharing through a concert of powers.

THE CHANGING POWER EQUATION

Another factor in US policy-making is the changing power equation in the Western Pacific. Sometime in the 2020s, and possibly within about a decade, China’s GDP is expected to match that of the US in nominal dollar terms. While China’s per capita income at that point would still be much lower than that of the US, a much bigger economy will give it even more resources for its military build-up.

US defence expenditure is going down post-Iraq and post-Afghanistan and will be driven down further by budgetary constraints. If China’s defence expenditure continues to rise at the average 10 percent plus rate of the last two decades, at some point in the 2020s it could match the US defence budget. Further, China’s enhanced military capabilities will be concentrated largely in the Western Pacific.

China has been developing asymmetrical capabilities to deny the US sea control off the East Asian littoral. However, as Hugh White has said, denial of sea control to others does not mean China will be able to exercise sea-control. It won’t be. What it means is that it will become more risky and costly for US naval and amphibious forces to prevail in a conflict with China that occurs near China.

A RAND Corporation study, looking 20 years ahead, argues that it will become increasingly difficult for the US to prevail in “direct defence” of territories located near China. To succeed, the US will have to attack critical military targets on the Chinese
mainland with long range capabilities. This would require a shift from a strategy of deterrence based on the ability to prevail in a geographically limited direct defence of a territory to deterrence based on the threat of escalation and punishment directed at the Chinese mainland – which will carry a higher risk of full scale war with China.

The RAND study recommends that the US explore the possibility of peaceful co-existence with China through diplomacy;\textsuperscript{10} and build the capacity of allies and partners to defend themselves, both of which the US is already doing. At the same time, the US is also developing long distance strike capabilities for a strategy of deterrence through the threat of escalation and punishment. Henry Kissinger claims that US has already embraced such a strategy.\textsuperscript{11}

THE LURE AND LIMITS OF ENGAGEMENT

The US and China have in place about 60 official dialogue mechanisms,\textsuperscript{12} including the high level Strategic and Economic Dialogue (SAED), the Asia-Pacific Consultations mechanism and the Strategic Security Dialogue.

The main obstacles have been a trust deficit and conflicting interests. Both powers have a sense of exceptionalism. In the important military-to-military relationship, from China’s perspective, the problematic issues are arms sales to Taiwan; the intrusions of U.S. military aircraft and ships into China’s maritime exclusive economic zone; and US legislation which restricts the development of China-U.S. military relationship, notably the 2000 National Defense Authorization Act (NDAA).\textsuperscript{13}

On the eve of the fourth SAED in May 2012, David Shambaugh gave a bleak assessment of the first three SAEDs:

\begin{quote}
able US strategy for the next 20 years” provided that during this period China does not have effective aircraft carriers and significant aerial refuelling capabilities. [The direct defence of Japan should remain] “a credible, if increasingly challenging, strategy for the next 20-30 years”.
\end{quote}

\textsuperscript{10} According to the study “…As China becomes a true peer competitor…[the US] will have an interest in encouraging [it] to assume greater responsibility for international peace and security. Unless China commits naked and large scale aggression – which is not indicated by the current pattern of use of force – this may involve greater reliance on US diplomacy and attempts to head off conflict by accommodating Chinese interests, especially if they have merit”.

\textsuperscript{11} “American strategy has been re-directed from defending territory to threatening unacceptable punishment against potential aggressors”, Henry Kissinger, ibid.


\textsuperscript{13} The NDAA prohibits the Secretary of Defense from authorizing any military-to-military contact with the PLA if that contact would “create a national security risk due to an inappropriate exposure” of the PLA to any of the following twelve areas: force projection operations, nuclear operations, advanced combined-arms and joint combat operations, advanced logistical operations, chemical and biological and other capabilities related to weapons of mass destruction, surveillance and reconnaissance operations, joint warfighting experiments and other activities related to transformations in warfare, military space operations, other advanced capabilities of the Armed Forces, arms sales or military-related technology transfers, release of classified or restricted information, and access to a Defense Department laboratory.
“...What these dialogues really amount to is consultation, where each side informs the other of its (differing) preferences and policies…. [It] seems that both sides attempt to present a façade of cooperation and harmonious exchanges, but under the surface… there exists deepening distrust ..”

According to some Chinese analysts, the minimal requirements of Beijing, that the US treat China as an equal and show respect for its core interests, are still not being met. They also claim that the US wants to coordinate with China largely on economic issues but wants to maintain the security status quo in the Western Pacific.14

Nevertheless, China has signalled a clear willingness to explore cooperation. A Chinese Defence Ministry spokesman, speaking after Vice-President Xi Jinping’s visit to Washington in February 2012, said that China was ready to cooperate on the basis of “mutual respect, trust, equality and mutual benefits to respect and take care of each other’s core interests and major concerns”,15 though “mutual trust” is often understood differently by the two sides while “core interests” of one in the Western Pacific could violate the core interests of the other or of third parties.

And before the fourth SAED on 3-4 May 2012, China’s State Councillor Dai Bingguo said the goal of the twice-yearly SAED is not to be G2, but C2, meaning that China and the US will not seek to co-dominate the world; rather, they will Cooperate and Coordinate.

Still, discussions at the fourth SAED were reported to be more candid and fruitful. Clinton described them as “a testament to how far we have come in building a strong and resilient relationship”, while Dai Bingguo said that “round by round, we are having better, more in-depth, more candid, and more effective discussions”. Bilateral military-to-military relations have also gathered momentum.

China’s motives in participating in this diplomatic dance could be to advance China’s status and influence as a co-equal with the US in this region; to explore US willingness to make significant concessions in the Western Pacific; and to buy more time to build up China’s strength. At this stage, China is unlikely to press the issue of US alliances and forward bases because it would alarm countries in the Western Pacific and drive them further into America’s arms. But over the longer term, say after 5 or 10 years, it could press this issue.

The US, on its part, needs time to revitalize itself at home. This will require avoidance of another military conflict, though in the real world there is no guarantee that the US will not get sucked into one. As Richard Betts, a scholar in the realist tradition, has argued, military restraint would allow the US to conserve power, fix its economy and recover from the effects of wars in order to deal more effectively with future contingencies, which in Bett’s view are likely to involve China.16

14 Author’s conversations with China scholars based in Singapore.
Brezinski too has argued that “the central challenge [for the US] over the next several decades is to revitalize itself”. He suggests that the US could consider concessions to China on its intrusive surveillance activities within Chinese EEZ close to China’s territorial waters, and later on, possibly in relation to Taiwan. He thinks that eventually Japan should be brought into any understanding with China so that it is a trilateral process,17 possibly because otherwise any US-China understanding might be difficult to reach and implement.

Perhaps, in the final analysis the question is whether, over the longer term, there will be only one “resident” super-power in the Western Pacific or two. The US position has always been that the region should remain open to all powers.

China, on the other hand may want an East Asia where, in the longer term, it has dominant influence for reasons of geography, history, size and power. After all, Admiral Timothy Keating, then US Pacific Commander recalled in 2009 that a high ranking Chinese naval officer had once suggested to him that the US and China divide the Pacific Ocean between them, with China responsible for keeping the peace west of Hawaii and the US east of Hawaii. The US would prefer that both powers work together in the Pacific and elsewhere rather than have separate spheres of influence.

IMPLICATIONS

With the caveat that observations about the longer-term future are inherently prone to error, the following implications can perhaps be drawn from the above discussion.18

Parts of the Western Pacific are in a transition from US dominance towards something closer to a balance of power over the next decade or two, though the US will remain the strongest military power. Unchallenged US dominance of the East Asian littoral was a historical aberration resulting from the accident of the Second World War. The maritime space in the Western Pacific will again be more contested, as it was in the first half of the twentieth century, this time by the navies of US, China and Japan.

This could produce a less stable region with more uncertainty about its security future, unless there is some form of US-China-Japan understanding for peaceful and cooperative modus vivendi.

It is not clear at this stage whether a US-China understanding will be worked out and whether it will be sustainable. The obstacles are truly formidable. However if the two powers can candidly discuss their interests and intentions, develop practical cooperation in less sensitive areas first, and sustain the engagement effort over the long term, irrespective of setbacks on the way, the process may produce some positive results.

17 Z. Brezinski, ibid.
18 There are potential “strategic shocks” that can affect the analysis in this paper. Among them would be a domestic crisis in China that leads to changes in its external policies; a significant US strategic withdrawal from the Western Pacific if it fails to deal with its debt and economic problems; and a regime collapse in North Korea with unpredictable geopolitical reverberations on the major powers and their relationships. See, for instance, Power and Choice: Asia’s Security Futures, Lowy Institute, Sydney, Australia, 2010.
The US will not cede the Western Pacific region to China. To do that would be to reverse a century-old policy of not allowing another single power to dominate East Asia. The US went to war with Japan to prevent that and then in Korea and Vietnam on the then assumption that a communist occupation of these two territories would facilitate China’s domination of East Asia.

If anything, the economic and strategic stakes today are even larger. In much of the 20th century, whoever dominated Europe, with its economic and industrial base, could aspire to global pre-eminence. Britain and America fought two world wars and then a Cold War to prevent Germany and then the Soviet Union to achieve such a position. In the 21st century, although global power will be more diffused, whoever dominates Asia could still aspire to be globally pre-eminent. As Ron Huisken has argued, the US has repeatedly signalled to China its determination to play an important role in the Western Pacific and that if, necessary, due to financial constraints, it would be content to be a Pacific power rather than be a global power.19

SOUTHEAST ASIA AND THE SOUTH CHINA SEA

More cooperative US-China relations would be positive for Southeast Asia and ASEAN as they mitigate strategic tensions and enable the smaller countries to avoid having to choose between the two powers. However, a US-China duopoly or a classical European-style concert of powers which includes the major powers (say US, China, Japan and India) will be resisted unless perhaps it is modified to suit East Asian realities, for example by using an ASEAN-centred forum like the East Asia Summit to consult and inform.

As for the South China Sea, China’s actions suggest a determination to have a hold on the Sea or significant parts of it. The Sea falls within China’s “first island chain” defence line and it may want it as a safe sanctuary for its naval platforms including SSBNs (ballistic missile nuclear submarines). Control of the Sea would also put China in a strong position in relation to Southeast Asia and provide it some leverage on Japan and South Korea. It is not known yet if the incoming new leadership in China will clarify China’s claims after it has settled in.

The US faces a delicate dilemma—how to avoid conflict with China while maintaining the credibility of its commitments to friends and allies and ensuring that the balance of power in the South China Sea and Southeast Asia is preserved.

For example, the US cannot easily discard its obligations under the Mutual Defence Treaty (MDT) with the Philippines without damage to its other alliance relations. It has been careful not to interpret the MDT in a way which would embolden Manila to take risks: the US has only limited legal commitment to the defence of Philippine territory as defined in the 1898 Paris Treaty under which the Philippines was ceded to the US.20 However the MDT

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19 Ron Huisken “Pacific Pivot: America’s Strategic Ballet”, ibid.
covers, less ambiguously, any attack on “public vessels” of the Philippines in the Pacific and the US may risk hurting its credibility if it fails to respond to an attack on a Philippine ship or aircraft or even on Philippine armed forces in the South China Sea.

There could also be some risk that the considerable stake that has been built in the US in strategic engagement with China could encourage China to be more assertive in the South China Sea while inhibiting the US from making a firm response. China’s forward movement in the Sea may proceed in stages, with each stage a test of US reaction and resolve.

It is crucial that intimidation and the threat or use of force not be allowed to prevail, especially in view of the fact that Washington has repeatedly voiced its opposition to such behavior patterns. Global security, including the security of small states, depends much on the observance of international law and norms and the non-use of force or threat of force.

The longer-term interests of China and other claimants are best served by abiding by UNCLOS rules and norms as interpreted by most countries in the world. Historic claims, if allowed, could set dangerous precedents because many countries can raise them. In general, post-World War Two and post-colonial frontiers have been universally accepted as valid.

A CSIS Washington report described Southeast Asia as “a region likely to play a critical role in determining the future of Asia and whether the United States can sustain itself as an Asia-Pacific power”. Likewise the South China Sea, located in the maritime heart of Southeast Asia near vital maritime choke points, is critical to the geopolitics of Southeast Asia.

**Note:** I would like to thank Ron Huiskens, Carlyle Thayer, John Lee and Lee Minjiang for assistance in relation to some parts of this essay.

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