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Forging a Common Regional Approach to China

HITOSHI TANAKA, *Senior Fellow, JCIE*

RECENT EVENTS CONTINUE to highlight the need for a common regional approach that engages China. Despite China's rapid and unprecedented economic growth, the world has yet to come to grips with the challenges and opportunities that the country presents. The story of China's rise is as much about how the rest of the world responds to China as it is about the nation that China is growing to become. Yet while economic interdependence between China and the rest of the world continues to grow, tensions with China also continue to sharpen. Everyone in Asia Pacific will benefit from a more coordinated response to the challenges that accompany China's rise.

US President Barack Obama's four-nation tour of Asia this April was largely couched as a trip to reassure US allies and partners that the United States is sufficiently committed to the region. In Tokyo, President Obama confirmed that, as a territory administered by Japan, the Senkaku Islands are covered under the US-Japan Security Treaty. He also emphasized the importance of strengthening the US-Japan alliance and the dangers of unilateral changes to the regional status quo, clearly aiming his comments at China. These comments were welcomed by Japan.

In Seoul, Obama stressed the need for coordinating North Korea policy both trilaterally among the United States, Japan, and South Korea and more broadly with China and other relevant countries. In Kuala Lumpur, the main focus was on the Trans-Pacific Partnership (TPP), and Malaysia signaled a renewed enthusiasm for the trade deal. And finally in Manila, the United States and the Philippines signed an Enhanced Defense Cooperation Agreement, building upon their 1951 Mutual Defense Treaty.

Since then, regional tensions with China have continued to flare up. On May 2, China moved its *Haiyang Shiyou 981* oil rig into disputed waters near the Paracel Islands, provoking a heated response from Vietnam. China-Philippines tensions boiled over after satellite photos showed China reclaiming land to build a runway on the Johnson South Reef in the disputed Spratly Islands. Tensions between Japan and China also remain high after a series of dangerous aerial near misses near the Senkaku Islands on May 24 and June 11 between the Japan Self Defense Forces (SDF) and China's People's Liberation Army, with planes from the two countries coming as close as 30 meters from each other.

This confluence of recent events demonstrates the risk of confrontational postures becoming entrenched in the fabric of regional relations. It is crucial that diplomacy and policy coordination around the region be enhanced to foster shared regional prosperity and stability. Obama's speech at West Point on May 28 highlighted this imperative when he reiterated not just US resolve to protect core interests, such as the American homeland and the security of US allies, but also the need for a foreign and security policy framework underpinned by multilateral cooperation.

China's Future Trajectory

Even with China's economy slowing from a target growth rate of 10 to 7 percent, it is clear that China is going to be an increasingly influential player in the region. But concerns abound regarding what sort of power China aspires to be. Will it utilize its increasing power to promote shared stability and prosperity or to unilaterally alter the status quo in the region? China's top foreign policy aim of forging a new model of great power relations with the United States can be interpreted either way.

From a Japanese perspective, Chinese activities regarding the Senkaku Islands seem geared toward portraying itself as competing for effective control over the surrounding areas, in contrast to the status quo, under which Japan maintains effective control. This can be construed as a tactic to test the resolve of the US-Japan alliance. China's maneuvering in the South China Sea also displays similar tendencies, and the timing of the incidents with Vietnam and the Philippines in the aftermath of Obama's Asia trip appears more than coincidental. China's domestic governance challenges—such as growing income inequality, corruption, environmental degradation, and the pressure to achieve the target of doubling 2010 GDP and per capita income by 2020—also exacerbate the risk that China will utilize a tough foreign policy posture as a diversionary tactic.

Obstacles to Regional Policy Coordination

A number of obstacles need to be considered before countries in the region can begin to lay the

groundwork for building deeper cooperation and a common regional approach to China.

Washington's Partisan Politics

The United States has long pursued a hedging policy toward China, but the efficacy of its policy is undermined by domestic political divisions in Washington. Some political leaders tend to emphasize an alliance-first approach and the need to hedge against unpredictable Chinese behavior while others emphasize the need to forge constructive relations with China. But in Washington's hyper-partisan environment, the issue of how to deal with China has too often been used by one side as a bludgeon against the other. A continuation of partisan politics will only exacerbate the difficulties that the United States faces in formulating its China policy, and there is an urgent need to consolidate this policy before presidential election posturing kicks into high gear and Obama enters a lame duck period.

Any hedging strategy by definition includes both deterrence and engagement. The current hedging strategy mistakes engagement for weakness, but engagement should be bolstered through concrete measures, including strengthening confidence-building processes. At the same time, deterrence measures must balance the reality that US resources are limited. The United States should, therefore, be careful about drawing any red lines, which may present China with a convenient opportunity to expand its influence right up to the line without actually crossing it.

Japan's Strategic Disarray

Japan's current approach to China under Prime Minister Shinzo Abe is to talk tough. His keynote speech at the Shangri La Dialogue in Singapore on May 30 was further evidence of this. To fend off his critics, Abe insists that the door for dialogue with China is always open. But what is sorely needed is a comprehensive China strategy that is both firm on security and bold on engagement.

Moves to reinforce Japan's security should be welcomed. Japan has often been timid in conducting public debate on security questions. But with

the shifting balance of power, it is necessary for the Japanese public to deeply consider issues such as collective self-defense, the role that the SDF should be performing, and how Japan can contribute to the maintenance of peace. Japan may in the future need to play greater roles than rear-area support to the United States. And security cooperation with countries such as Australia, India, and ASEAN member states, as well as trilateral coordination with the United States and South Korea, should be promoted in order to hedge against future unpredictability.

The reinterpretation of Article 9, adopted by the Abe government through a cabinet decision on July 1, will remove some of the existing restraints on SDF troops' use of weapons during UN-led peace-keeping missions and allow the SDF to contribute more actively in responding to contingency scenarios that directly threaten Japan's national security. But this limited reinterpretation of the constitutional restraints has been unfairly criticized as a resurgence of "Japanese militarism." Therefore, it is crucial that full justifications with in-depth explanations are given as to why changes have to be made now, and a robust mechanism should be established to ensure that the scope of changes stays within the intended purview and genuinely retains the spirit of Article 9.

At the same time, Japan must boldly build constructive relations with China in order to promote regional stability. In particular, two main issues stand out as obstacles to rebuilding meaningful and cooperative government-to-government relations: tensions surrounding the Senkaku Islands and history issues. The Senkaku issue does not lend itself to a resolution in the short term. Before a long-term solution can be achieved, it is critical that the two countries de-escalate tensions and strengthen crisis management systems.

Meanwhile, on the question of Japan's past, it is vital that the Japanese government does not undermine established official statements, such as the Murayama and Kono declarations. In order to start building trust and patterns of cooperation between the two countries, they should work together to achieve win-win situations, such as through cooperation on the

environment and energy efficiency, that are vital to economic progress in both countries.

ASEAN Disunity

At the same time, there is a critical need for ASEAN to demonstrate a unified front and continue to move steadily toward the implementation of the ASEAN Economic Community (AEC). An economically robust and united ASEAN will be better prepared to cooperate confidently with China. However, at present the question of China's behavior has divided the organization. Most of the countries in the region are hesitant to confront Chinese assertiveness because of its economic influence. But the Philippines and Vietnam in particular face a dilemma because responding to territorial disputes with China puts them at risk of negative economic consequences.

The military coup in Thailand is a blow to ASEAN unity and, in turn, to the organization's ability to respond in concert to challenges in East Asia. The political turmoil carries high stakes not just for Thailand in terms of international investor confidence and repairing the fragile foundations of its democratic institutions, but also for ASEAN as a whole in terms of its organizational unity and Thailand's weakened ability to follow through on AEC commitments. The whole region will benefit if Thailand's military restores the country to democracy both peacefully and quickly.

A Way Forward

Confrontational postures around the region risk becoming entrenched. As the balance of regional power shifts, stakeholders in the region need to forge a common approach to China. Given China's increasingly assertive posture and the unpredictability of its future role, many nations around the region feel a strong motivation to align themselves with the United States. At the same time, however, it must be made clear that hedging is not containment and needs to include a strong component of engagement toward China.

To this end, a robust regional confidence-building mechanism, perhaps through the East Asia Summit, is sorely needed. Talk of responsible regional stakeholderhood may be perceived in China as an attempt

to constrain its behavior. However, engagement with China can help to bring about the realization that unilateral changes to the status quo will undermine its regional relations and that economic growth founded in international cooperation is the best path forward both for China's national interest and for the sake of shared regional stability and prosperity.

The makeup of the East Asia Summit—the ASEAN-10 countries, Australia, China, India, Japan, New Zealand, Russia, South Korea, and the United States—means that it is the best venue for working toward a shared prosperous future in East Asia. With this in mind, efforts are needed to ensure that the East

Asia Summit will realize its potential as the region's preeminent strategic institution. At the very least, the key stakeholders in the region should make every possible effort to quickly establish a robust regional confidence-building mechanism as a component of the East Asia Summit, starting with efforts to pursue cooperation on win-win issues, such as energy and the environment.

Hitoshi Tanaka is a senior fellow at JCIE and chairman of the Institute for International Strategy at the Japan Research Institute, Ltd. He previously served as Japan's deputy minister for foreign affairs.

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East Asia Insights is an occasional newsletter focusing on East Asia community building from the Japanese perspective.

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