S. Mahmud Ali

US-China Strategic Competition

Towards a New Power Equilibrium

Springer

US-China Strategic Competition

S. Mahmud Ali

US-China Strategic Competition

Towards a New Power Equilibrium

Springer

S. Mahmud Ali
London School of Economics
London
United Kingdom

ISBN 978-3-662-46659-9 ISBN 978-3-662-46660-5 (eBook)
DOI 10.1007/978-3-662-46660-5

Library of Congress Control Number: 2015939991

Springer Heidelberg New York Dordrecht London

Printed on acid-free paper

Springer-Verlag GmbH Berlin Heidelberg is part of Springer Science+Business Media (www.springer.com)

Preface

The international security studies community, to which this volume addresses itself, is increasingly focused on questions roiling policy discourse: with China's growing power redrawing the security landscape, will Sino-US strategic competition lead to conflict, or will the current hegemon/system-manager and its pre-eminent potential rival non-violently manage systemic fluidity to a new power-equilibrium? Strategists ponder Sino-US competition, how it affects and, is in turn, affected by, transitional turbulence at a time of eroded clarity and definition. The literature examines specific aspects of the dialectic dynamics shaping mutual threat perceptions, doctrinal evolution, military force- and platform development and deployment, and a steady sharpening of national security policies vis-à-vis each other. Few titles adopt a holistic view of the binary relational duality giving comparable weight to American and Chinese contributions to strategic complexity. This work seeks to fill that gap by analysing these mutually reinforcing processes to reveal the contours of contention linking America's primacy, China's growing capacity to question it, America's response and China's countermoves.

'Seeking truth from facts', this is a forensic examination of the empirical evidence tracing the evolution of Sino-US security-interactions since these were defined by their tacit anti-Soviet alliance during the Cold War's final decades, to temporary marginalisation, subsequently unstated antagonism and 'near-peer rivalry', to eventual strategic competition admixed with cooperative elements. Using the 'power-shift' and 'power-diffusion' frameworks, it reviews America's 'unipolar era' amidst incremental and incomplete multipolar trends, from both US and Chinese perspectives. It examines the Obama Administration's efforts to manage China 'rise', initially as a cooperative subordinate-partner and, when these failed, as a more competitive potential 'peer-rival' whose ascent called for a sophisticated mix of incentives and disincentives. It examines four cases of flashpoints carrying the potential, given Sino-US systemic pre-eminence, to escalate into triggers for wider conflict: maritime/territorial disputes between China and its US-aligned neighbours across the East- and South China Seas, Sino-US disputes triggered by mutually exclusive interpretations of the UN Convention on the Law of

the Sea (UNCLOS), disputes over cyberspace operations, and Korean nuclear challenges. The work finally examines efforts by the second Obama Administration and China's Xi Jinping-Li Keqiang leadership to fashion a new framework essential to a pacific transition to a more complex, dynamic, but non-confrontational new order.

The volume is organised in six chapters. Chapter 1 records the angry mutual critique American and Chinese national security establishments and their acolytes often trade. Heated rhetoric coloured America's 2012 election campaign and China's semi-synchronous leadership changes. Given that America and China were covert allies collaborating in clandestine campaigns to undermine the Soviet Union during the Cold War's final decades, this marked a dramatic reversal. The chapter examines the evolution of post-1989 Sino-American mutual perceptions as recorded in official and semi-official assessments: America focused on the consequences of China's 'rise' for the US-led international security system; the Chinese debated post-Cold War power- diffusion into a multipolar order, and the construction of the 'comprehensive national power' framework to capture that process. The chapter identifies elemental divergences in strategic assessments of the security ecology, and optimum approaches available for pursuing respective interests therein. It establishes the two powers' locus as each other's potential strategic nemesis in the eyes of key national security elite-groups despite growing interdependence, and how mutual insecurity defines the current security milieu.

Chapter 2 assesses the theoretical/conceptual evolution focusing on post-Cold War processes of power-shift and power-diffusion, and their cumulative impact on the international security system. Primary documents and academic literature, both American and Chinese, are reviewed to establish the major strands of trans-Pacific scholarship on the drivers of change. The sudden advent and relative brevity of America's unipolar primacy, and incremental crystallisation of evolving multipolarity, are analysed from both US and Chinese perspectives. Contrasting objectives, interests and preferences separating the two shores of the Pacific across a perceptual gulf, generating strategic distrust, divergent responses to a dynamic rebalancing of Sino-US power relations, China's emphasis on historical models and templates for modern-day policymaking, and America's primary reliance on its military dominance are examined to identify the key contradictions shaping the discourse against the backdrop of systemic transitional fluidity. Together, these themes establish the context in which the narrative paints a contemporary picture of Sino-American strategic rivalry inherited by the Obama Administration.

Chapter 3 examines the Obama Administration's diplomatic, national security- and military policies directed towards the Asia-Pacific region generally, and China in particular, during its first term. It analyses Obama's 'all-of-government rebalancing' towards the region, formalised in 2011–2012 and implemented around the military kernel of the 'AirSea Battle Concept' (ASBC) of operations and the 'Joint Operational Access Concept' (JOAC) designed to neutralise the PLA's growing 'area-control' capabilities in the Western Pacific and, thereby, restore and indefinitely extend America's systemic primacy. It also assesses Beijing's responses to this robust refocusing of American interest and attention to China's

periphery, China's efforts to effect credible deterrence in a dynamic security milieu via rapid military modernisation resulting in a potential 'break-out', and thereby deepen the adversarial dialectic defining the regional insecurity complex. The chapter thus explores and outlines escalatory risks generated by Sino-US strategic competition contextualised by systemic transitional fluidity.

Chapter 4 shines a light on several acute challenges to regional peace and stability as China, the USA, and countries allied or aligned to America engage in competitive claims over rights and territorial jurisdiction across East Asia's extra-territorial waters. It examines three interlinked strands to maritime/territorial disputes—that between China and Japan in the East China Sea, those over overlapping claims pressed in the South China Sea by China/Taiwan on the one hand, and Vietnam, the Philippines, Malaysia and Brunei on the other, and Sino-US disputes triggered by mutually exclusive interpretations of the rights, jurisdictions and responsibilities assigned to littoral, insular and peninsular states on the one hand, and extra-regional 'user states' on the other, by the UN Convention on the Law of the Sea (UNCLOS). The chapter assesses the disputes' historical roots, contemporary complexities and mutually reinforcing attributes, and emergent linkages between the China–Japan–US and China–ASEAN–US strategic triangles, against the backdrop of Sino-US rivalry, rendering the East- and the South China Seas two incandescently inflammable flashpoints.

Chapter 5 reviews efforts by the second Obama Administration and China's Xi Jinping-Li Keqiang leadership to fashion less adversarial and more collaborative relations against the backdrop of deepening interdependence and the coalescence of coalitions. Differentiated outcomes of the 2008–2010 economic crises, magnified by globalised economic, financial and commercial linkages, forced US and Chinese economies on divergent trajectories, sharpening perceived polarisation. Sino-US competition did not comport with the Cold War-era 'bipolar' rivalry, but underscored an erosion of strategic clarity and definition. The chapter examines transitional uncertainties which encouraged major and minor actors to 'hedge and engage' with a view to diplomatically shaping the security environment while preparing to robustly defend respective interests if engagement failed. The chapter analyses the ability of atypical challenges reflecting and reinforcing Sino-US competition to upset East Asia's subsystemic equilibrium, and threaten major upheaval with potentially systemic reverberations. Cyber-threats and North Korean behaviour early in the Obama–Xi diarchy are assessed to identify challenges facing Sino-US efforts to manage a non-violent transition, and locate the contours of a still amorphous security architecture struggling to emerge across this crucial and troubled region.

The concluding chapter sums up the inquiry, updating the narrative to the end of 2014, and draws inferences on the competitive dynamics at the fluid systemic core while limning the efforts being made on both shores of the Pacific to forge a mutually acceptable equilibrium for a somewhat different, perhaps less clear and more fuzzy, future facing the region, and the world.

Many individuals and organisations contributed variously to this project. Not all can be named, but some must: Stephen Costello, Nong Hong, Ken Jimbo, Fay

Johnson, Kalyan Kemburi, Tetsuo Kotani, Peter Mangold, Masayuki Masuda, Li Mingjiang, Ambassadors Robert Blackwill and Verghese Mathews, Professors Lawrence Freedman, Ryosei Kokubun, Yoichiro Sato, Dingli Shen and Arne Westad, Lt. General Noboru Yamaguchi, Senior Colonels Fan Gaoyue and Wen Bing; LSE IDEAS, and the Sasakawa Foundation (GBSF); the editorial and production teams at Springer; and not least my long-suffering wife, Selina, who helped to maintain sanity while we moved across continents to push the project to its conclusion. I alone, however, am responsible for all sins of commission and omission.

London, UK S. Mahmud Ali

Abbreviation

A2/AD	Anti-Access/Area-Denial
ABM	Anti-Ballistic Missile
ADIZ	Air-Defence Identification Zone
ADMM	ASEAN Defence Ministerial Meeting
AFPS	American Forces Press Service
AMS	Academy of Military Science
AoR	Area of Responsibility
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASAT	Anti-satellite
ASBC	Air-Land Battle Concept
ASEAN	Association of South-East Asian Nations
AWC	Army War College
BMD	Ballistic Missile Defence
BMDR	BMD Review Report
BRICS	Brazil, Russia, India, China, South Africa
CASS	Chinese Academy of Social Sciences
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance
CD	China Daily
CFR	Council on Foreign Relations
CIA	Central Intelligence Agency
CICIR	China Institute for Contemporary International Research
CJCS	Chairman Joint Chiefs of Staff
CJIP	China Journal of International Politics
CLM	China Leadership Monitor
CMC	Central Military Commission
CMS	China Marine Surveillance
CNO	Chief of Naval Operations
CNP	Comprehensive National Power

CPC	Communist Party of China
CPGS	Conventional Prompt Global Strike
CRS	Congressional Research Service
CSBA	Centre for Strategic and Budgetary Assessments
CTBTO	Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organisation
DCT	Defence Consultative Talks
DIA	Defence Intelligence Agency
DNI	Director of National Intelligence
DOC	Declaration on the Conduct of Parties in the South China Sea
DoD	Department of Defence
DoI	Directorate of Intelligence
DoJ	Department of Justice
DoS	Department of State
DPCT	Defence Policy Coordination Talks
DSB	Defence Science Board
EAF	East Asia Forum
EAS	East Asia Summit
ECS	East China Sea
ECSFRI	ECS Fishery Research Institute
EEZ	Exclusive Economic Zone
EIA	Energy Information Administration
EMP	Electro-Magnetic Pulse
EU	European Union
EW	Early warning/electronic warfare
FDI	Foreign Direct Investment
FP	Foreign Policy
FT	Financial Times
GDP	Gross Domestic Product
GSD	General Staff Department
GT	Global Times
HTV	Hypersonic Technology Vehicle
ICBM	Inter-Continental Ballistic Missile
ICG	International Crisis Group
ICSTD	International Centre for Trade and Sustainable Development
IHT	International Herald Tribune
IISS	International Institute for Strategic Studies
IMF	International Monetary Fund
ITLOS	International Tribunal for the Law of the Sea
JCG	Japan Coast Guard
JDP	Japan Daily Press
JOAC	Joint Operational Access Concept
JT	Japan Times
KMT	Kuomintang
LAT	Los Angeles Times

LCS	Littoral Combat Ship
MDA	Missile Defence Agency
MEA	Ministry of External Affairs
MIRV	Multiple Independently-targeted Re-entry Vehicles
MND	Ministry of National Defence
MoD	Ministry of Defence
MoFA	Ministry of Foreign Affairs
MoFAPRC	Ministry of Foreign Affairs of the PRC
MPPRC	Military Power of the PRC
MRBM	Medium-Range Ballistic Missile
MSDPRC	Military and Security Developments Involving the PRC
MTCR	Missile Technology Control Regime
NATO	North Atlantic Treaty Organisation
NBR	National Bureau of Asian Research
NDC	National Defence Commission
NDPG	National Defence Programme Guidelines
NDU	National Defence University
NI	National Interest
NIC	National Intelligence Council
NIDS	National Institute of Defence Studies
NMD	National Missile Defence
NPR	Nuclear Posture Review/National Public Radio
NSA	National Security Agency
NSB	National Science Board
NYT	New York Times
ONA	Office of Net Assessment
PACOM	US Pacific Command
PBSC	Politburo Standing Committee
PD	People's Daily
PLA	People's Liberation Army
PLAAF	PLA Air Force
PLAN	PLA Navy
PRC	People's Republic of China
QDR	Quadrennial Defence Review
RMA	Revolution in Military Affairs
RMB	Renminbi
ROC	Republic of China
RSIS	Rajaratnam School of International Studies
S&ED	Strategic and Economic Dialogue
SAM	Surface-to-Air Missile
SCAS	Senate Committee on Armed Services
SCC	Security Consultative Committee
SCMP	South China Morning Post
SCO	Shanghai Cooperation Organisation
SCS	South China Sea

SLBM	Submarine-Launched Ballistic Missile
SLOC	Sea Lines of Communication
SRBM	Short-Range Ballistic Missile
SSBN	Fleet Ballistic-Missile Submarine Nuclear
THAAD	Terminal High-Altitude Area Defence
TMD	Theatre Missile Defence
TRA	Taiwan Relations Act
UAV	Unmanned Aerial Vehicle
UCAS	Unmanned Combat Air System
UNCLOS	United Nations Convention on the Law of the Sea
UNFCC	UN Framework Convention on Climate Change, Conference of the Parties
UNSC	UN Security Council
USAF	US Air Force
USCC	US–China Economic and Security Review Commission
USTR	United States Trade Representative
VoA	Voice of America
WFB	Washington Free Beacon
WMD	Weapons of Mass Destruction
WP	Washington Post
WSJ	Wall Street Journal
WTO	World Trade Organisation

Contents

From Tacit Allies to Strategic Competitors: Post-Cold War Transformation of Sino-US Dynamics

1

A Security Dilemma Unfolds

A fortnight before Britain's Queen Elizabeth, escorted by the fictional eponymous hero of James Bond movies, was seen to dramatically parachute down from a helicopter to declare the London 2012 Summer Olympic Games open, another captivating histrionic outburst engulfed America's Olympic team. Congressional leaders, outraged to discover that the US Olympic Committee had the team's Ralph Lauren-designed uniforms 'made in China', questioned the Committee's 'sense'. Senate Majority Leader Harry Reid thundered, 'I think they should take all the uniforms, put them in a big pile and burn them and start all over again. If they have to wear nothing but a singlet that says the USA on it, painted by hand, that is what they should wear' [1]. In a rare show of bipartisan unity, Speaker John Boehner and Minority Leader Nancy Pelosi echoed Reid's fulminations.

If Congressional hyperbole was forgiven as febrile election-year antics, American media's description of Sino-US competition as a zero-sum duel reinforced an impression that the two powers were engaging in war by another name. Journalists reported a new Cold War rivalry: 'Is China the new Soviet Union at the Olympics? It sure is looking it today. At the center of this new Cold War is Ye Shiwen, a 16-year-old Chinese swimmer.' 'The gloves are off and any pretense of civility is gone from the Olympic rivalry between the United States and China. The race to win the medal count got ugly fast.' 'After years when Americans were lacking for an archrival at the Olympics, we have definitely found one, venom and all' [2].

Olympian rivalry was the pacific face of Sino-US competitive tendencies in the context of parallel discourses on America's alleged 'decline' and China's 'rise' or, 'revitalization' [3]. With consensus forming around the end of America's post-Cold War 'unipolar era' and China taking some of the lost or ceded space while the USA refashioned her primacy by reinvigorating alliances across the wider Asia-Pacific region, signs of systemic transitional volatility were apparent [4]. Trends indicated eroding US primacy, although the end-state of that process remained uncertain. Fluidity was accelerated by differing impacts of the 2008–2010 global economic

S.M. Ali, *US-China Strategic Competition*, DOI 10.1007/978-3-662-46660-5_1

crises on the two powers [5]. Diplomacy, too, underscored tensions. On the day of Congressional pyrotechnics against 'Made in China' Olympic uniforms, Secretary of State Hillary Clinton met with select ASEAN counterparts in Phnom Penh. She asserted America's interests in the South China Sea (SCS), its waters frothy with overlapping maritime/territorial claims advanced by China, and US allies and 'strategic partners' Taiwan, the Philippines, Vietnam, Malaysia and Brunei [6].

Citing America's 'national interest in freedom of navigation, the maintenance of peace and stability, respect for international law, and unimpeded lawful commerce' in the SCS, Clinton targeted China: 'the nations of the region should work collaboratively and diplomatically to resolve disputes without coercion, without intimidation, without threats, and without the use of force' [7]. She urged disputants to 'clarify and pursue their territorial and maritime claims in accordance with international law', encouraging claimants to explore 'every diplomatic avenue for resolution, including the use of arbitration or other international legal mechanisms' [8]. Since Beijing opposed this option and Clinton expressed support for Beijing's rivals, the object of her admonitions was clear. In response, her Chinese counterpart Yang Jiechi urged America 'to respect the interests and concerns of China and other countries in the Asia-Pacific region' [9]. His counter-suggestions reflected the gulf separating the two powers: 'The Asia-Pacific region is where the interests of China and the United States are the most intertwined and where the two countries have the most frequent interaction. China and the United States should put in place a sound pattern of interaction in the Asia-Pacific that features win-win cooperation' [10]. Cooperation was clearly absent.

Yang insisted Beijing stood ready to keep close communication with Washington on Asia-Pacific affairs through such channels as the Strategic and Economic Dialogue (S&ED) and the Consultations on Asia Pacific Affairs, push forward regional cooperation, and 'facilitate the sound growth of various regional institutions for cooperation' [11]. Clinton maintained diplomatic pressure. Her 'International Religious Freedom Report for 2011' to Congress stated, 'There was a marked deterioration during 2011 in the government's respect for and protection of religious freedom in China.' In 'Tibetan areas, this included increased restrictions on religious practice, especially in Tibetan Buddhist monasteries and nunneries. Official interference in the practice of these religious traditions exacerbated grievances and contributed to at least 12 self-immolations by Tibetans in 2011' [12]. China questioned America's right to 'violate the fundamental principle of international relations to respect each other's sovereignties and territorial integrities and to not interfere in each other's internal affairs...the idea of "religious freedom" is nothing but a stick that the United States uses to hit others' [13].

The pattern coloured Clinton's African tour in August. Having been critical of Beijing's aid-and-trade policy there since China supplanted America as Africa's biggest trading partner in 2009, Washington contrasted Beijing's 'no-questions-asked' approach to extractive commerce with its own more 'responsible' stance. In a keynote address, Clinton said, 'Africa needs partnership, not patronage...a sustainable partnership that adds value rather than extracts it. That's America's

commitment to Africa.' In a veiled reference to China, she pledged, 'America will stand up for democracy and universal human rights even when it might be easier to look the other way and keep the resources flowing' [14]. Having reported that Sino-African trade reached $166bn in 2011, and some 2,000 Chinese firms had invested $14.7bn there—a 60 % growth in 2 years, Beijing complained, 'Clinton's speech was meant to turn African countries against China so that the US can benefit economically by driving a wedge between the traditional friends. . .Unfortunately, Clinton's move would possibly backfire' [15].

Maritime Military Muscle-Flexing

Sports, diplomacy and trade painted a contextual backdrop for Sino-US strategic rivalry. In January 2012, President Obama's national defence guidelines, *Sustaining US Global Leadership,* vowed to overcome recent difficulties and 'emerge even stronger in a manner that preserves American global leadership, maintains our military superiority' [16]. Obama asserted, 'while the US military will continue to contribute security globally, *we will of necessity rebalance toward the Asia-Pacific region,*' [17] reinforcing alliances and partnerships, boosting collective security. Obama stressed the dynamic growth of India's capacity and influence: 'The United States is also investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region.' The objective? 'China's emergence as a regional power will have the potential to affect the US economy and our security in a variety of ways. Our two countries have a strong stake in peace and stability in East Asia. . .However, the growth of China's military power must be accompanied by greater clarity of its strategic intentions in order to avoid causing friction in the region' [18].

America would 'continue to make the necessary investments to ensure that we maintain regional access and the ability to operate freely.' Working closely with client-states, America 'will continue to promote a rules-based international order that ensures underlying stability and encourages the peaceful rise of new powers' [19]. The US–Indian–Chinese *strategic triangle* gained prominence in efforts to sustain the order fashioned around US primacy as the rivals wooed Delhi. India's economic, commercial and strategic interests had driven its two decade-old 'Look East' policy of engagement with East Asia. Keen to exploit its resonance with US objectives, Obama urged 'India not only to "look East", we want India to "engage East"' [20]. Noting that Indian power had already 'emerged', Obama sought a stronger Indo-US strategic partnership for 'global peace and prosperity'. For Washington, this became a key goal.

Clinton's Asian tour had been preceded by Secretary of Defence Leon Panetta's, who told Prime Minister Manmohan Singh in Delhi that 'defense cooperation with India is the linchpin' [21] in America's 'pivot/rebalancing to Asia' [22]. -DoD-commissioned analyses urged Washington to help Delhi sharpen its competitive capabilities vis-à-vis Beijing [23]. With fresh US forces being redeployed to

the Pacific, rotational basing in Australia, Singapore and the Philippines announced, growing Indian security and commercial ties to ASEAN states, and military-diplomatic linkages among US clients Japan, South Korea, Australia, India, Vietnam, the Philippines, Indonesia, Malaysia, Singapore and Brunei deepening, India's regional profile rose. Around then, China's Vice Premier, and Premier-in-waiting, Li Keqiang, told India's Foreign Minister SM Krishna at a Shanghai Cooperation Organisation (SCO) summit that 'Sino-Indian ties would be the most important bilateral relationship in the 21st century' [24]. Beijing invited Indian Defence Minister AK Antony to meet China's new leaders; China's Defence Minister Liang Guanglie asked to visit India in September 2012 [25]. During that first such tour in 8 years, Liang and Antony agreed to resume Sino-Indian military exercises, suspended in 2010 over territorial disputes [26]. Intractable differences notwithstanding, both sides highlighted the benefits of peaceful and stable relations.

India, however, was secondary to Sino-US dialectics. Economic trends drove the negative dynamic. In US estimate, Beijing could 'become the most powerful adversary' America had ever faced. By early 2030s, China's gross domestic product (GDP) and defence spending could exceed America's. 'China could therefore become a more capable opponent than either the Soviet Union or Nazi Germany at their peak' [27]. While strategic diplomacy widened and deepened America's Cold-War vintage 'hub-and-spokes' alliance network around China's periphery, Washington also worked to counteract Beijing's growing military muscularity. It approached the praxis of the 'AirSea Battle' operational concept (ASBC), secretly initiated in September 2009 and formally launched in May 2010, with a view to deterring and, should deterrence fail, defeating in battle the People's Liberation Army's (PLA) 'anti-access/area-denial' (A2/AD) tactics in the Western Pacific [28]. The concept synergized US naval and aerial capabilities against challenges to US primacy.

ASBC's authors, commissioned by Andrew Marshall's Office of Net Assessment (ONA), the Department of Defence's (DoD) internal think-tank, pinpointed the PLAs' growing ability to threaten America's military access to the Western Pacific, deterring Washington from intervening in support of its hegemonic interests, and regional clients, in China's backyard. ASBC targeted China's challenges to US military invulnerability, i.e., its systemic primacy [29], a function of its near-total combat-dominance and mastery of all battle-domains. The PLA's ability to threaten this invincibility eroded US primacy in this crucial region. If the PLA's A2/AD capabilities were neutered, America would restore its regional supremacy, and ensure indefinite systemic hegemony. Washington, in this view, confronted a 'strategic choice: begin adapting the way it projects power' into the region, effecting corresponding changes in military capabilities and force structure, 'or face the prospect of paying an ever-increasing and perhaps prohibitive price for sustaining military access.' Given the theatre's geospatial attributes, the US Navy and Air Force must 'begin the process of exploring their power-projection options by developing an AirSea Battle concept' [30]. ASBC targeted the PLA's area-control kill-chain [31].

Sino-US tensions over SCS disputes acquired salience in that context. For decades, forward-deployed US Pacific Command (PACOM) naval and air forces had exercised free passage throughout the Western Pacific beyond the littoral states' 12 nm territorial waters. However, since 2001, Chinese state organs repeatedly challenged US surveillance operations in China's Exclusive Economic Zone (EEZ). Notably on April 1, 2001, when a PLA Navy (PLAN) J8II fighter-jet collided with a US EP3 electronic warfare aircraft near Hainan Island, within the airspace above China's EEZ. The Chinese pilot was killed in the collision; the EP3, badly damaged, was forced to land without permission at the PLA's Lingshui airfield on Hainan. The 24-strong crew was held for several days while Beijing and Washington coped with angry militaries and outraged nationalist sentiments [32]. The collision tested the new George W. Bush Administration, colouring mutual perceptions. Early in March 2009, less lethal incidents in the SCS, again close to Hainan, set the limits of Sino-US collaboration in what China considered its home waters. Following Chinese radio warnings and overflights, civilian coast-guard and fisheries vessels accosted the *USNS Impeccable,* forcing it to stop and then abandon its mission of monitoring PLAN submarine activities. A similar fate befell the *USNS Victorious*, operating within China's EEZ in the Yellow Sea. These incidents provided the newly-elected President Obama with his first taste of Sino-US insecurity dynamics [33].

Strategic insecurity, distinct from the *security dilemma* paradigm [34], is triggered by perceived threats posed to one's core security interests by the 'other' [35]. Western attention largely focused on challenges posed by authoritarian China growing rapidly in visible metrics of state-power, effectively eroding US primacy, while America faced difficult political-economic circumstances. The Chinese perspective, in contrast, was largely defensive, even insecure, coloured by fears of perceived existential threats from the hegemon's 'strategic ring of encirclement' with America's overwhelming military muscle underwriting all-encompassing systemic dominance [36]. The asymmetric dialectics driving Sino-US insecurity was rarely acknowledged.

The two powers adhered to mutually exclusive interpretations of clauses of the 1982 UN Convention on the Law of the Sea (UNCLOS) defining the rights and privileges enjoyed by littoral and insular states, and external 'user states', in non-territorial waters within littoral states' EEZ. Complexity was convoluted by the fact that China had ratified UNCLOS but America had not. In 2009–2015, the SCS remained a contested focus between China and US-aligned disputants. In April 2012, China and the Philippines began a stand-off at Scarborough Shoal with vessels facing each other for nearly 2 months and only withdrawing after inclement weather hastened an agreement. Vietnam, for its part, advertised maritime blocks in disputed waters for foreign-aided energy exploration, and enacted a 'Law on Vietnam's Sea', effective from January 2013, greatly extending Vietnam's territorial waters off its south-eastern coast, especially near Ho Chi Minh City, and expanding its EEZ [37]. While Hanoi and Manila challenged Beijing's claims, and Malaysia and Brunei pursued discreet military-diplomacy and force-expansion,

China insisted on 'indisputable sovereignty' over much of the SCS, based on 'historical evidence' [38].

Antagonism Gains a Locus

President Obama set out his Asia-Pacific vision in an address to the Australian parliament, noting that 'Asia will largely define whether the century ahead will be marked by conflict or cooperation.' He vowed:

> the United States will play a larger and long-term role in shaping this region and its future, by upholding core principles and in close partnership with our allies and friends...We stand for an international order in which the rights and responsibilities of all nations and all people are upheld... where emerging powers contribute to regional security, and where disagreements are resolved peacefully [39].

While America reserved the right to apply massive force to maintain order, all others must abjure violence. Obama pledged, defence cuts notwithstanding, to honour commitments to allied security with expanded deployments. Washington would rotate marines, combat aircraft, naval ships and submarines through Australian, Singaporean and other allied bases, increasing flexibility and 'constantly' boosting 'our capabilities to meet the needs of the 21st century.' He ordered that America's Asian presence and mission be 'a top priority'. Insisting the 'pivot' did not target China, Obama sought 'to promote understanding and avoid miscalculations. We will do this, even as we continue to speak candidly to Beijing about the importance of upholding international norms and respecting the universal human rights of the Chinese people' [40].

The offer to China was to accept the US-designed-and-managed strategic framework; the alternative was clear. Obama stamped his personal imprimatur on America's Asian focus with its military core within an 'all-of-government' carapace. He did not name China, but since the aim was to deter and defeat aggression by an authoritarian power strong enough to threaten regional actors [41], little was left to conjecture. The launch of ASBC with an established Headquarters, joint-service exercises testing the framework's operational details, proclamation of the US 'pivot' to Asia, plans to deploy 60 % of US naval resources to the Pacific by 2020 [42], and the stationing of fresh US forces around China's periphery in 2010–2015 underscored the Sino-US dynamics' military focus, drawing attention to the SCS as a locus of immediate concerns. Panetta promised, 'We will play an essential role in promoting strong partnerships that strengthen the capabilities of the Pacific nations to defend and secure themselves. All of the U.S. military services are focused on implementing the president's guidance to make the Asia-Pacific a top priority' [43]. America boosted existing alliances, built quasi-alliances with India, Singapore, Malaysia, Brunei and Vietnam, and expanded facilities [44].

China, resenting the crystallisation of a US-led hostile coalition around its periphery, proclaimed the city of Sansha, on Woody Island in the Paracels, as the regional administrative headquarters for the Sprtalys, Paracels and Macclesfield

Bank—contested SCS features. Shortly after the Association of Southeast Asian Nations (ASEAN) Foreign Ministers broke their 45-year-old tradition by failing to issue a joint communiqué following an annual meeting embittered by profound discord [45], Beijing established the Sansha garrison to defend its SCS assets [46]. Washington, concerned by the 'increase in tensions in the South China Sea', was 'monitoring the situation closely'. Specifically, 'China's upgrading of the administrative level of Sansha City and establishment of a new military garrison there covering disputed areas' of the SCS risked 'further escalating tensions in the region' [47]. China insisted it had administered the *Xisha* (Paracels), *Nansha* (Spratlys) and *Zhongsha* (Macclesfield Bank) Islands since 1959, and the 'recent establishment of the Sansha City is a necessary adjustment made by China to the existing local administrative structure and is well within China's sovereign rights'. Beijing expressed 'strong dissatisfaction of and firm opposition to' US neglect of Vietnamese and Filipino action:

> Why has the United States chosen to turn a blind eye to the acts of some country marking out a large number of oil and gas blocks in the South China Sea and making domestic legislation claiming as its own China's islands, reefs and waters? Why has the United States chosen on the one hand not to mention the acts of some country using naval vessels to threaten Chinese fishermen and laying groundless sovereignty claims over the islands and reefs that indisputably belong to China, while on the other hand make unfounded accusations against China's reasonable and appropriate reaction to provocations? And why has the United States chosen to speak out all of a sudden to stir up trouble at a time when countries concerned in the region are stepping up dialogue and communication in an effort to resolve disputes and calm the situation? [48]

Beijing insisted Washington's 'act of being selective in approaching facts and making responses breaches the claimed US stance of not taking a position on or getting involved in the disputes. It is not conducive to unity and cooperation among countries in the region or to peace and stability in this part of the world' [49]. The exchange hinted at visceral antipathies colouring mutual perceptions of the world's two strongest powers. Curiously, only Vietnam questioned Taipei's decision to extend the runway on Taiping Island, the largest of the Spratlys, under Taiwanese occupation since 1947 [50]. With Sino-US rhetoric heating up, PACOM announced plans to redeploy *materiel* withdrawn from Afghanistan to Singapore and the Philippines [51]. The dialectic pattern rendered prospects for maritime disputes escalating from 'regional hotspots' to 'systemic flashpoints', and Sino-US strategic rivalry triggering regional confrontations, realistic. This is the context in which this study examines the transitional fluidity threatening to unhinge the international security system's core as the dominant power and its putative peer-rival sought to re-establish their relative positions in a dynamic milieu.

An Unusual Bipolarity

Remarkably, tensions over Taiwan, hitherto the most acute flashpoint central to the security discourse, eased following Kuomintang leader Ma Ying-jou's election as president in 2008 [52]. Ma's mantra of 'three nos – no independence, no unification, and no use of force', calmed the waters. Discord over US arms sales to Taiwan [53] notwithstanding, Beijing and Taipei forged cross-Strait economic, commercial and socio-cultural linkages, some formalised [54]. Taiwanese investors had seeded China's reforming economy, catalysing the explosive growth in mainland industry, especially in manufacturing. During 1991–2013, this investment exceeded $130bn, while Chinese investment in Taiwan in 2009–2013 reached $720m [55]. According to one account, over 200,000 of the million *Taishang* living in China returned home in January 2012 to vote in presidential polls, possibly with Beijing's help [56]. This was the culmination of a process in which China and Taiwan had reached 18 accords on economic, socio-cultural and functional cooperation by 2013 [57]. After taking office as CPC General-Secretary, Xi Jinping wrote to Ma on the need to continue promoting peaceful cross-Strait relations. The two security forces engaged in low-level joint drills in 2012 [58]. Ministerial-level PRC-ROC talks held in February 2014, the first since 1949, set another precedent. Taiwan was no longer the most acute security flashpoint in Sino-US strategic calculations.

Stabilising progress did not, however, enable Taipei to engage Beijing in sovereignty-related negotiations. Taiwan remained deeply divided over mainland policy, shoring up defences [59], often with US help, despite Chinese protests [60]. Beijing maintained its military deterrent and intelligence penetration targeting Taiwanese moves towards *de jure* independence [61]. Diplomatic rivalry, too, persisted [62]. However, both parties sought to reinforce the status quo [63]. Largely at Ma's behest, they fashioned a palimpsest of accords and understandings binding the two societies in non-political linkages, tacitly laying the foundations of a peacefully differentiated future [64]. Although Beijing formally opposed Taipei's overseas links, Ma's ability to travel, including to America, suggested China was acquiescing to Taiwan expanding its diplomatic space [65].

Ma enhanced Taiwan's stature by announcing a peace initiative addressing Sino-Japanese maritime disputes in August 2012 [66], offering a framework for future Beijing–Tokyo negotiations. US intelligence assessments envisaged 'gradual' progress in Beijing–Taipei dialogue while 'the cross-strait military and economic balance will keep shifting in China's favour' [67]. For their first inter-governmental talks since separation in 1949, in February 2014, Zhang Zhijun, head of Beijing's Taiwan Affairs Office, hosted his Taiwanese counterpart, Wang Yu-chi, in Nanjing, for 4 days of unprecedented engagement [68]. Days later, Xi Jinping told the KMT's visiting honorary Chairman, Lien Chan, that China respected 'the social system and lifestyle' Taiwanese compatriots had chosen for themselves. He offered to negotiate future political relations 'on an equal basis under the one-china principle' [69]. Zhang visited Taiwan in June 2014, following lengthy protests there against a trade agreement, reflecting polarisation, highlighted by the KMT's defeat in 2014 local polls. Taiwan's diminishing role as an urgent politico-military

flashpoint, evidenced by its decision to slash forces by 20 % [70] did not, however, mitigate Sino-US competitive tensions elsewhere. And if Ma's pro-independence opponents in the DPP won the 2016 elections and pressed ahead with their revisionist agenda, all bets would be off.

Conflict is nonetheless not foreordained. In fact, for nearly two decades, America and China were tacit allies, covertly collaborating against an expansive Soviet Union. In 1969, President Richard Nixon and his National Security Adviser Henry Kissinger in Washington, and Chairman Mao Zedong and Premier Zhou Enlai in Beijing, unbeknownst to each other, arrived at convergent conclusions: faced with possibly existential threats from the Soviet Union, each needed to build bridges to the other, support each other's defences, and forge a balancing concert against the Soviet behemoth [71]. During 1971–1989, often struggling against their own establishments, in China's case, leading to an abortive coup led by Mao's anointed heir, Marshal Lin Biao, the two powers co-ordinated policies against Soviet allies in South Asia, Southeast Asia, Southern Africa, the Horn of Africa, Central America and, most successfully, Afghanistan.

With America's Indochinese exertions having depleted its economic substance and moral authority, Washington transferred technology and *materiel* to help build up China's 'comprehensive national power'. What it could not transfer owing to legal restrictions, it encouraged its NATO allies and Israel to do [72]. Without themselves firing a shot in anger, the tacit allies haemorrhaged the Soviet Union to collapse. The Cold War's end transformed the global security landscape, granting America a 'unipolar moment' but also corroding the strategic bases of Sino-US collusion. As the hegemon exercised global primacy, a combination of domestic and international developments eclipsed post-Tiananmen Square China. Paramount leader Deng Xiaoping reflected profound anxiety as the Soviet Union headed for fission: 'The problem now is not whether the banner of the Soviet Union will fall, there is bound to be unrest there, but whether the banner of China will fall' [73]. Deng and his successors pursued steady accretion of national power with the focus on economic, scientific-technological and industrial development. Military modernisation, whose outcome eventually challenged the regional balance of power, followed. The Dengist project was wildly successful, although possibly at exorbitant costs [74].

By the time America's security establishment identified China as a 'near-peer-rival', Sino-US economic, commercial and financial linkages had acquired unprecedented symbiosis [75]. Clinton acknowledged this dilemma when, despite her anxiety over Beijing's 'assertive' stance on disputes with US-aligned states, she noted, 'We recognize that a zero-sum approach in the Asia-Pacific will lead only to negative-sum results, so we are committed to working with China within a framework that fosters cooperation where interests align and manages differences where they do not. That is part of what it means to achieve an effective regional order.' Eschewing hints of compromise likely to be construed as conceding strategic decline, she added, 'So in every way we can, we are sending a clear message: The United States is a resident Pacific power and we are committed to the future' [76]. She strove to strike a complex balance: America must visibly sustain its leadership, discourage revisionist challenges, and boost allies; it must, however, avoid threatening China's 'core interests', turning a 'near-peer-competitor' into a

systemic adversary, and all this without eroding US credibility or breaking the bank. Did this require partial accommodation while pressing Beijing to guide Chinese behaviour in preferred directions? America's leaders dared not answer, or even ask, that question.

Aware of Washington's deep indebtedness to Beijing, 2 months into office, Clinton asked Australia's Prime Minister Kevin Rudd, 'How do you deal toughly with your banker?' Assuring Clinton that Canberra kept close tabs on Beijing, and describing himself as a 'brutal realist on China', Rudd said the goal must be to integrate China into the international community, 'while also preparing to deploy force if everything goes wrong' [77]. Washington apparently took this advice seriously. Despite a 'frosty reception' during Obama's November 2009 visit to China [78], intriguing hints that he urged collaborative management of global affairs emerged. Premier Wen Jiabao, while welcoming cooperation, rejected any notions of a 'G-2' condominium [79]. Relations went downhill from then on [80].

Still, China had replaced Japan as the largest holder of US Treasury Bills, funding the US deficit and allowing America to finance tax-cuts and stimulus packages through the recession [81]. Chinese purchases of US securities were financed with surpluses from exports to US and EU markets. Recycled money enabled America to continue consuming more than it generated, while China grew its production, productivity and reserves, with modest marginal gains in value-addition being transformed by scale. Even when US arms sales to Taiwan and Obama's meeting with the Dalai Lama chilled ties, in March 2010, Beijing bought $17.7bn in T-Bills, taking its holdings to an all-time high of $895.2bn [82]. Over the next 3 years, China further raised its T-Bills holdings. However, as its foreign reserves exceeded $3tn, and the dollar's devaluation eroded the worth of dollar-denominated reserves, Beijing began diversifying to non-dollar assets. As Japan was encouraged to increase its purchase of US T-Bills, the gap between the two narrowed. Still, as Table 1.1 shows, America remained more indebted to China than to its protectee, Japan.

Washington complained that since joining the World Trade Organisation (WTO), China had enjoyed open access to the US market; its artificially devalued currency gave it a competitive edge resulting in growing Chinese trade surpluses which Beijing recycled by buying T-Bills and suppressed the Yuan's value. Americans accused Beijing of subsidising state-owned enterprises (SOEs) with cheap credit, 'thereby harming American economic interests'. A Congressional commission reported, 'Although Chinese leaders acknowledge the need to balance their economy by increasing domestic consumption, China continues to maintain an export-driven economy with policies that subsidize Chinese companies and under-value the renminbi (RMB)'. While Beijing permitted foreign ownership in some sectors, 'huge swathes of the economy are reserved for Chinese firms' [84].

Beijing posited that globalisation had woven a supply-chain network across the Asia-Pacific with China often the final-assembly point; China's global trade surplus was modest and the RMB's revaluation would not reduce US deficits; a large proportion of 'Chinese' exports was, in fact, sold by US-owned operations. Apple's $499 iPad2 device offered an example—while Apple made $150 per device,