

NIDS CHINA SECURITY REPORT

# NIDS China Security Report 2018

The China-US Relationship at a Crossroads



National Institute for Defense Studies, Japan

# NIDS China Security Report 2018

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## Preface

The *NIDS China Security Report* is published by the National Institute for Defense Studies (NIDS) to provide analysis conducted by its researchers on China's military affairs and security from a mid- to long-term perspective. The report is widely disseminated both in Japan and overseas. Since March 2011 it has been published annually in Japanese, Chinese, and English editions. The *NIDS China Security Report* has attracted significant interest from research institutions and the media in Japan and abroad, and the analysis offered in these reports has allowed NIDS to promote exchange and dialogue with research institutions and interested parties in a number of countries, including China.

The *China Security Report 2018*, the eighth in this series and subtitled "The China-US Relationship at a Crossroads," analyzes the development of China's foreign policy toward the United States and security policy, the United States' foreign policy toward China and security policy, and the development of the China-US relationship in East Asia. This report highlights the significant transformations that have taken place in the relationship between the United States and China against the backdrop of the latter's rapid rise since the latter half of the 2000s, and the changes in the relative power balance that have accompanied that rise. In writing this report, the authors have endeavored to present an objective analysis while taking note of suggestions gained by exchanging opinions with researchers and stakeholders in various countries, including the United States and China. The primary and secondary sources of information referred to for this report are listed in the endnotes accompanying each chapter.

The *China Security Report 2018* has been written solely from the viewpoints of the individual researchers and does not represent an official view of the Japanese Government, the Ministry of Defense, or NIDS. The authors of this report are Shinji Yamaguchi (the lead author and author of Chapter 3), Masayuki Masuda (Chapter 1), Sugio Takahashi (Chapter 2), and Masaaki Yatsuzuka (Column). The editorial team was led by Tetsuo Murooka, editor-in-chief, and included Koichi Arie, Keiko Kono, Yasuyuki Sugiura, Masami Nishino, and Masaaki Yatsuzuka.

The authors of the *China Security Report 2018* hope that it will promote policy discussions concerning China in Japan and other countries, and at the same time they hope that the Report will contribute to a deepening of dialogue and exchange as well as cooperation between Japan and China regarding security.

February 2018

Tetsuo Murooka

Director, Security Studies Department

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## Summary

This report aims to clarify the ways that China and the United States perceive each other, the types of policy approaches that have been taken by these two countries, and how their relationship has developed in the context of regional issues. In doing so, it explores the medium- to long-range trends in China-US relations.

### Chapter 1 China's Policy toward the United States

Until the early 2000s, China strongly saw itself as inferior to the United States, a perception that positioned China as a “developing power” and led it to emphasize stability in its relations with the United States. However, as the relative power balance changed due to China’s economic growth and the global financial crisis of 2008, China steadily became more self-assertive. This in turn led to the strengthening of Chinese diplomacy and the deepening of confrontation with its neighboring countries. China’s concept of a “new type of great power relations” was originally focused on attaching concessions from the United States to problems that China considered core interests, through insistence on “mutual respect” of core interests. However, as a result of China’s conflicts with its neighbors, relations with the United States gradually worsened and concerns grew about the potential for confrontation with the United States. Beijing thus increasingly emphasized “non-conflict, non-competition” as it began seeking greater institutionalization of the relationship. Meanwhile, as seen in the landfill operations in the South China Sea, China’s attitude towards its neighbors has not changed significantly, so the direction of confrontation has not changed. It can be said that China is simultaneously pursuing the two directions of stabilizing its relationship with the United States while also boosting its self-assertion in the region.

China has strengthened a variety of approaches toward President Trump, who is not necessarily captivated by the various principles that have been built up as part of the China-US relationship. Beijing is confident in the cooperation and stability of that relationship. Nevertheless, the two countries’ relations are still far from stable, and it remains uncertain how much benefit and value China can provide to the United States under a Trump administration that seeks concrete results from dialogue and cooperation.

### Chapter 2 US Policy toward China

After the Cold War, the United States adopted a policy of engagement toward China, whose future course was still unclear. This policy was shaped by the desire to rein in any undue hostility toward China’s rise and to prevent China from becoming a security threat. The George W. Bush administration based its China policy on the “shape and hedge” approach,

which positioned China as “a member of the international system” and called on it to behave responsibly. The Obama administration’s China policy built upon the approach taken by the Bush administration and was epitomized by “strategic reassurance.” This concept reflected a belief that if the United States guaranteed China’s position as a major power, then China would play a responsible role in cooperating with the United States for global stability. Thereafter, however, the competitive aspects of China-US relations came to the forefront as China became more assertive in its foreign policy, and the Obama administration began to call for a “rebalancing” toward Asia. The Trump administration released a new edition of the National Security Strategy (NSS), in which it declared a break with the traditional approach of engagement, while expressing strong caution about China’s perceived effort to “displace the United States in the Indo-Pacific region.”

With regard to strategic stability in China-US relations, Washington emphasized “stability in arms competition” over “stability in crisis” and pursued a declaratory policy that gave priority to transparency and trust, without reference to mutual vulnerabilities. This policy approach appears appropriate when one considers that any declarations on the two countries’ ability to conduct nuclear war or their mutual vulnerabilities could lead to the “stability-instability paradox.” From the viewpoint of regional security as well as the global nuclear arms control system, there is concern about the lack of transparency regarding China’s nuclear forces and its strategies toward their use.

### **Chapter 3 Issues in China-US Relations in the East Asian Region**

Looking at the trends of China-US relations in East Asia, while efforts are continuing to be made to stabilize them, distrust on both sides is also visibly increasing.

As for the Korean Peninsula issue, China regards the achievement of a stable, peaceful settlement and denuclearization as important goals, but does not want North Korea to collapse nor the US-ROK alliance to strengthen. For the United States, denuclearization is the most important issue on the Korean Peninsula, and impacts the security of its allies Japan and South Korea. The Korean Peninsula issue has the potential to develop into an uncontrollable crisis, depending on how North Korea acts.

Meanwhile, the importance of the South China Sea issue has burgeoned recently for China, for which it represents a territory to be “restored” although its claims thereto are not clearly defined. On the other hand, the significance of the issue for the United States is to preserve the freedom of navigation and the maritime legal order, with its alliance with the Philippines also coming into play. The South China Sea issue—a problem that involves many countries—has rapidly become a core focus of China-US relations in recent years, with no mechanism available to handle it in a stable way. Therefore, the issue is inherently unstable.

The Taiwan issue has consistently represented the most crucial issue for China ever since it was founded as a country, viewing it is as an integral territory requiring eventual unification in observation of the One China principle. For the United States, on the other hand, Taiwan is viewed through the lens of maintaining peace and stability and keeping its commitments based on frameworks such as the Taiwan Relations Act, but all in accordance with the One China policy. While the Taiwan issue, on account of its vital importance for China, is the one harboring the greatest potential of triggering a large conflict, the stability of the issue is relatively high thanks to the development of a behavioral style by the United States and China to handle it in a stable fashion.

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## Acronyms and Abbreviations

A2/AD	anti-access and area denial
ASAT	anti-satellite attack
ASBM	anti-ship ballistic missile
ASEAN	Association of Southeast Asian Nations
BMDR	Ballistic Missile Defense Review
C4ISR	command, control, communications, computers, intelligence, surveillance and reconnaissance
CIIS	China Institute of International Studies
CMPR	China Military Power Report
CPC	Communist Party of China
CPE	Consultation on People-to-People Exchange
CUES	Code for Unplanned Encounters at Sea
D&SD	Diplomatic and Security Dialogue
DSG	Defense Strategic Guidance
EEZ	exclusive economic zone
EU	European Union
HA/DR	humanitarian assistance and disaster relief
ICBM	intercontinental ballistic missile
MIRV	multiple independently targetable reentry vehicle
MMCA	Military Maritime Consultative Agreement
NPC	National People's Congress
NPR	Nuclear Posture Review
NSS	National Security Strategy
OBOR	One Belt, One Road
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
PRC	People's Republic of China
QDR	Quadrennial Defense Review
S&ED	Strategic and Economic Dialogue
SLBM	submarine-launched ballistic missile
START	Strategic Arms Reduction Treaty
THAAD	Terminal High Altitude Area Defense
UAV	unmanned aerial vehicle
US	United States

# NIDS China Security Report 2018

The China-US Relationship at a Crossroads

## Introduction

(Shinji Yamaguchi)





# Introduction

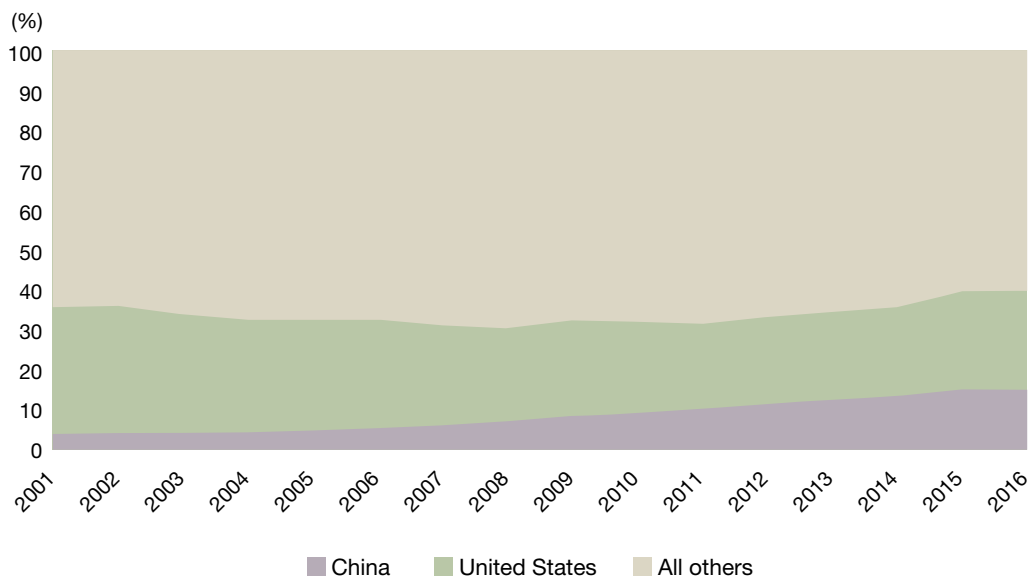
China-US relations represent the bilateral relationship exercising the greatest influence on international politics. The China-US relationship has broad influence on problems both regional and global, and at the same time, the development of problems in the Asia-Pacific region likewise serves to define the course of China-US relations.

The United States and China stand out in terms of their economic and military strengths. They are ranked first and second in the world, respectively, both in terms of GDP and in their defense budgets, holding a large absolute share worldwide in each of these categories. Perhaps the most obvious trend is the rise of China. As is clear from the figures below, the relative power of China has increased.

The rise of China has led to a change in the relative power balance. The United States is already a superpower, and China is a newly rising power. In international relations theory, the change in relative power balance is regarded as the most important factor influencing changes in international politics. Political scientist Graham Allison has applied the term “Thucydides’s Trap” to the way in which tense relations between existing superpowers and emerging nations could lead to a full confrontation, pointing to such tension in the China-US relationship.

The problem, then, is how the real China-US relationship will develop in the real

**Figure 0-1: Chinese and US Share of Global GDP (Nominal)**



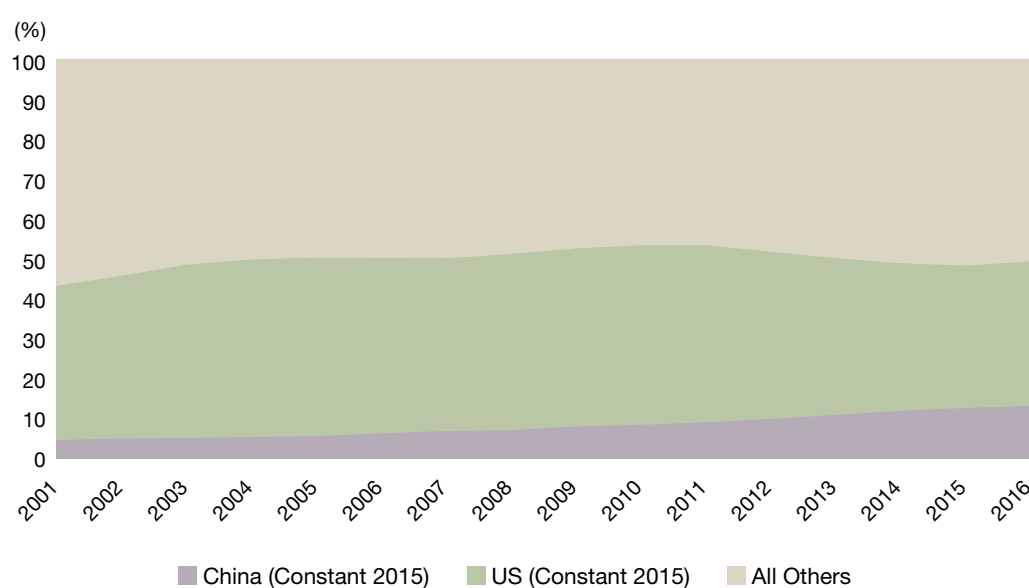
Source: Prepared by the authors based on reported information.

world, how both competition and cooperation will be conducted. Looking at the China-US relationship since the beginning of the 21st century, we can find both trends toward seeking cooperation and those towards confrontation. The United States has thought it could shape China's course toward becoming a "responsible great power." China, on the other hand, has raised the concept of a "new type of great power relations" and tried to prescribe a new form of relationship between China and the United States based on the rise of China.

There are, however, various problems of how to handle increasingly difficult factors in the confrontation between the United States and China. These would include, for example, the Korean Peninsula problem, the South China Sea problem, and the Taiwan issue. These problems are by no means new and many arose during the Cold War period. However, the composition of China-US relations that influence these issues is changing. In the China-US relations of the 2010s, aspects of confrontation and competition are becoming increasingly more obvious. How can they stably manage and conduct these strategically competitive relationships, or will that competition cause conflicts? The answer will probably depend to a great extent in particular on how East Asian regional problems develop.

This report aims to analyze, based on the background described above, the ways that China and the United States perceive each the other, the policy approaches that have been taken by these two countries, and how their relationship has developed in the context of regional issues. These points will be indispensable for considering the larger questions of how the China-US relationship will develop in the future, and what will serve as important fac-

**Figure 0-2: Chinese and US Share of Global Defense Expenditures**



Source: Prepared by the authors based on reported information.

tors in such development.

Of course, the current China-US relationship is not limited to these regional problems. Cooperation between the United States and China in climate change and the global economy is an important and difficult problem. As China is pursuing its vision of “One Belt, One Road” (OBOR), how the United States advances its own interests for the international economic order will become a vital issue for Asia in the years to come. However, both countries’ political relations and security issues in the region will be indispensable in forecasting the course of their relationship and the future of the Asian region. From this perspective, this report’s analysis focuses on political and security issues in East Asia.

The birth of the Trump administration in the United States in 2017 has become a new element of uncertainty in China-US relations. The question of how the China-US relationship may transform under Trump is a very interesting point for discussion. This report, however, while keeping current developments in mind, will focus on considering the course of developments over the medium run, in particular delving into those from the late 2000s onward.

This report is organized as follows. First, in Chapter 1, we analyze the China-US relationship as seen by China. Section 1 clarifies the basic composition of China’s policy towards the United States, Section 2 analyzes the development of the relationship between the United States and China, centered on the transitions in the “new type of great power relations” theory, and Section 3 examines how China is seeing the birth of the Trump administration. Chapter 2 is an analysis of United States’ policy toward China. Section 1 examines “shape and hedge” as the basis of US policy toward China in the 21st century, Section 2 shows US analysis of the trends of Chinese military power, especially analysis on nuclear forces, and Section 3 analyzes discussions on strategic stability. In Chapter 3 we will address the problems of the Korean Peninsula, the South China Sea, and Taiwan as issues for China-US relations in the region.

(Author: Shinji Yamaguchi)

**NIDS China Security Report 2018**

The China-US Relationship at a Crossroads

# **Chapter 1**

# **China's Policy toward**

# **the United States**

(Masayuki Masuda)



## 1. China's Changing Attitude towards the United States

### (1) China as a "Major Developing Country" – Hu Jintao's First Term

China's most important diplomatic relationship has been with the United States. "Even if a major change arises in the international situation, the strategic importance of Sino-US relations never changes" (Jiang Zemin),<sup>1</sup> and for China the relationship with the United States has continued to be "the most important bilateral relationship" (Hu Jintao).<sup>2</sup> However, Beijing's attitude towards the United States has become more assertive over the past decade.

First of all, it is worth recalling China's attitude toward the outside world prior to that change. Chinese self-image during Hu Jintao's first five-year term continued to be as a "major developing country." Hu's assessment of the international situation was not necessarily optimistic as his predecessor Jiang Zemin's. In May 2002, Jiang Zemin put forth the notion of a period of strategic opportunity of "great account" (*dayou zuowei*) for China's development.<sup>3</sup>

After Hu Jintao took office in 2003, the new leadership gradually made corrections to Jiang Zemin's optimistic outlook. In November 2003, the Politburo of the Communist Party of China (CPC) Central Committee held a study session on the history of development of the world's major powers. Hu Jintao, who chaired the session, discussed the period of strategic opportunity as follows:

"During a period which stands as the key to historical development, nations and peoples that have fallen behind can, by firmly grasping their opportunities, realize great development and become a rising star of the development during that age. [However,] if they fail to seize the moment, even much stronger nations are also forced to retreat and become a falling star of development during those times."<sup>4</sup>

What Hu emphasized was the possibility of forfeiting such a strategic opportunity period and the attendant risks. In another study session in February 2004, the security environment surrounding China was intensively discussed. At this conference, Hu addressed the challenges China was facing, declaring, "We must calmly look at the harsh challenges posed by fierce international competition and we must calmly look at the difficulties and risks that exist on the road ahead. . . . In our development process, advantageous and disadvantageous elements in the international environment will coexist for a long time."<sup>5</sup>

This perception was made official throughout 2007, the year that the CCP's 17th National Congress was held. In February, in a signed article titled "Our Historical Tasks at the Primary Stage of Socialism and Several Issues Concerning China's Foreign Policy,"

Premier Wen Jiabao said that China was at the primary stage of socialism, and would remain so for a long time to come.<sup>6</sup> In this article he noted, “China, with its undeveloped productive forces, needs to unswervingly take economic development as the central task and go all out to boost its productive forces.” Wen stated that foreign policy should, based on that viewpoint, follow the path of peaceful development as a strategic choice China should maintain in the long run. In addition, in order to adhere to this long-term policy, he asserted, “we should seize opportunities, remain unswayed by provocations and concentrate on our development, and we will never seek leadership in the international arena. No matter how much China’s power as a nation grows, we must firmly stick to this policy.”

Hu Jintao’s report at the 17th National Congress in November also mentioned the following, referring to the primary stage of socialism.<sup>7</sup> He noted that while “China has scored achievements in development that have captured world attention,” “the basic reality that China is still in the primary stage of socialism and will remain so for a long time to come has not changed, nor has Chinese society’s principal contradiction—the one between the ever-growing material and cultural needs of the people and the low level of social production.” Based on this, China held to a cautious foreign policy. In other words, Hu echoed the strategy usually abbreviated as *taoguang yanghui*—“keep a low profile” (KLP)—coined by Deng Xiaoping in the early 1990s. Wen Jiabao also stressed that China should not seek a leadership role in the international arena.

Hu Jintao referred to the mission of diplomacy as ensuring “four environments,” namely, (1) a peaceful and stable international environment; (2) a neighborly and friendly environment in the surrounding regions; (3) a cooperative environment based upon equality and mutual benefits; and (4) an objective and friendly media environment, so as to safeguard a period of strategic opportunity.<sup>8</sup> In particular, the key to Chinese diplomacy was said to be its relationship with the great powers, and the United States was “the main power with which China must maintain interaction internationally” to actively expand the common interests and areas of cooperation. Hu emphasized that China must work determinedly to expand the common interests and areas of cooperation, to deal successfully with any contradictions and differences, and to develop the Sino-US relationship uninterrupted on a stable foundation.<sup>9</sup>

## (2) Emergence of an Assertive China - Hu Jintao’s Second Term

Since the 2008-9 global financial crisis, Beijing has become more assertive in the international arena. Both the communiqué of Fourth Plenary Session of the 17th CCP Central Committee held in September 2009 and the “Decision of the Central Committee on Major Issues in Strengthening and Improving Party-Building under New Circumstances” pointed out, “We can see a new change in the framework of the global economy and new postures in the world’s power balance.”<sup>10</sup>

At the July 2009 11th Conference of Chinese Diplomatic Envoys Stationed Abroad, Hu Jintao said that such signs of change indicated that “the prospects for multipolarization of the world are clearer than ever,”<sup>11</sup> and he took the changes in the international situation after the financial crisis as a diplomatic opportunity. At the same conference, Hu called for the creation of an international environment and external conditions to “build a well-off society in an all-round way.”

In order to achieve that goal, Hu Jintao stressed that China should pursue “four strengths” in its foreign policy. That is, the country should attain greater influence in international politics, strengthen its competitiveness in the global economy, cultivate more affinity in its image, and become a more appealing force in morality. After this meeting, the idea of these “four strengths” was particularly publicized domestically.<sup>12</sup> Compared to the “four environments” raised by Hu at the 10th Conference of Chinese Diplomatic Envoys in August 2004, it would appear that his talk at the July 2009 conference sought to give more direct expression of Beijing’s intention to seek greater influence in the international community.

At the 11th Conference of Chinese Diplomatic Envoys, Hu used the phrase “*jianchi taoguang yanghui, jiji yousuo zuowei*” (insist on a low profile, and proactively achieve something) to describe the direction for China’s foreign policy.<sup>13</sup> This basically meant that the country would firmly maintain its KLP policy but at the same time would also proactively strive to accomplish what needed to be done. It could be said Beijing was aware that, in an international environment that now permitted assertive diplomacy, changes in international power balance had resulted in the strengthening of China’s diplomatic position relative to the United States. Cui Hongjian, a researcher at the China Institute of International Studies (CIIS), a think tank directly under the Chinese Ministry of Foreign Affairs, said, “The financial crisis brought intense upset to the world economy and caused political reactions. That clearly displays a vulnerability of interdependent systems and the dangers of a unipolar world.” As a result, it was thought that cooperation between the United States, an “established power,” and China, representing an “emerging power,” could jointly create a sound international environment.<sup>14</sup>

Based on a recognition of strengthening China’s diplomatic position relative to the United States, Beijing unfolded a more assertive diplomacy toward the United States. When President Barack Obama visited China in November 2009, President Hu said, “The national circumstances of China and the United States are different, and it is normal that there be some divergence. The key is that each party respect the core interests and matters of great concern to the other.”<sup>15</sup> In line with the request of the Chinese side, the joint statement issued on this occasion included mention of the two countries’ agreement to respect each other’s core interests.<sup>16</sup> According to Hu, US respect for China’s core interests means “respecting China’s sovereignty and territorial integrity with regard to Taiwan and other issues,” and is the premise for

“strategic mutual trust” between the two countries. Many of China’s major media and strategists identify the significance of the joint statement specifically in the phrase “respecting each other’s core interests.”<sup>17</sup>

In China’s political spheres, there was an increase in discussion regarding the path that foreign policy should take accompanying China’s re-emergence in the international community. During the period of the “Two Sessions” (the National People’s Congress and the National Political Consultative Conference) held in March 2010, delegates and members engaged in lively discussions of what form the China-US relationship should take, with many expressing the opinion that China should build on its growing national power and expanding interests to take more assertive approach toward the outside world.

At the end of the preceding January, the Obama administration notified Congress of its first arms sales to Taiwan, worth US\$6.4 billion; in response the Chinese government expressed a relatively strong reaction that was well-received by the Chinese public.<sup>18</sup> The opinion voiced by many of the delegates and members during the two sessions was that “in the past, China expressed its opposition in relatively gentle terms, but now it’s beginning to express its reaction not only by talking tough but also by backing its words with action.” They declared that the United States should become accustomed to China’s new approach to foreign relations.<sup>19</sup>

### **(3) Chinese Foreign Policy Unsettled**

This attitude of seeking respect for China’s core interests was especially obvious regarding China’s national security. Robert Willard, commander of the United States Pacific Command, and Wallace Gregson, assistant secretary of defense, visited Beijing at the end of May 2010 for the second US-China Strategic and Economic Dialogue (S&ED). They met with People’s Liberation Army (PLA) Deputy Chief of Staff Ma Xiaotian, who informed them that some extremely serious obstacles had arisen that would affect the stability of China-US military relations for many years. As specific examples, Ma pointed to the US arms sales to Taiwan, frequent reconnaissance conducted by US military ships and aircraft in China’s exclusive economic zone (EEZ), and the 2000 National Defense Authorization Act, and he indicated that such issues imposed limitations on exchange between the Chinese and US militaries. He



asserted that the recovery and further growth of military relations depended on the United States' sincerity in dealing with those issues.<sup>20</sup>

In addition, he was critical of Washington's attitude toward China, stressing that the key to the future bilateral military relations was "whether the United States can truly respect the core interests and major concerns of the Chinese side." In contrast with the November 2009 Sino-US Joint Statement, which simply called for mutual respect of each other's core interests, Ma emphasized the need for "sincere respect." Furthermore, as noted above, he cited a diverse range of obstacles to stable military relations in addition to US arms sales to Taiwan. As such, he presented a PLA position that broadly and sternly demanded the United States to respect China's core interests.

In response to the sinking of the South Korean corvette *Cheonan*, presumably by North Korean torpedoes, on March 26, 2010, the United States and South Korea announced in late May that their navies would jointly conduct anti-submarine and maritime interdiction exercises off the coast of South Korea. The Chinese military reacted especially severely to the announcement that the aircraft carrier USS *George Washington* would participate in the joint exercises in the Yellow Sea. On July 1, Deputy Chief of Staff Ma told Hong Kong's Phoenix Television that "The Yellow Sea is too close to China's territory. China strongly opposes the exercises being conducted in such a location."<sup>21</sup>

In addition to these oral objections, the PLA conducted exercises one after the other in a number of locations, including the Yellow Sea. The PLA Navy (PLAN)'s East Sea Fleet conducted a series of exercises in the East China Sea from late June into August. After the July 25 start of the US-South Korea joint military exercises, a PLA strategic missile force carried out large-scale live-fire drills using long-range missiles. The PLA's various exercises were treated as part of the ordinary exercises based on annual planning, but more than a few Chinese experts interpreted them as a PLA response to US military trends such as the US-South Korean joint military exercises.<sup>22</sup>

China's assertive behavior in its maritime periphery led to a shared vigilance against China not only in the United States but also among regional countries. For example, at the Japan-US Defense Ministers' Meeting in May 2010, Japanese Defense Minister Toshimi Kitazawa and US Secretary of Defense Robert M. Gates agreed on the importance of Japan-US cooperation to respond to activities of the Chinese navy, and in September, after a fishing boat collision off the Senkaku Islands, Secretary of State Hillary Rodham Clinton said that the Senkaku Islands were subject to Article 5 of the Japan-US Security Treaty.<sup>23</sup> In November, Prime Minister Naoto Kan, during his meeting with US President Obama in Yokohama, touched upon the existence of problems between Japan and China, and between Japan and Russia, stressing, "The Japanese people have a deepened awareness of the importance of the US-Japan alliance and the US military presence."<sup>24</sup>

Southeast Asian countries also moved to strengthen US commitment to regional security. For instance, Vietnam conducted joint military training with the United States, and the Association of Southeast Asian Nations (ASEAN) called for strengthening US involvement in regional security. Seeking a more constructive role for non-members, including the United States, in dealing with a set of complex transnational security challenges in traditional and non-traditional areas, ASEAN convened the inaugural ASEAN Defense Ministers' meeting (ADMM-Plus) in Hanoi in October 2010.<sup>25</sup>

The United States, responding to China's increased assertiveness in the South China Sea, increased its engagement in multilateral meetings such as the ADMM-Plus, ASEAN Regional Forum (ARF), and East Asian Summit. During the July 2010 ARF meeting, Secretary Clinton voiced the US perspective on the territorial disputes in the South China Sea, declaring, "The United States, like every nation, has a national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea." Clinton also expressed US support for "a collaborative diplomatic process by all claimants for resolving the various territorial disputes without coercion."<sup>26</sup> Her statement supported ASEAN foreign ministers who called for a collaborative, multilateral approach to resolving territorial disputes.<sup>27</sup>

In response to the emergence of a severe international environment for China, Beijing reviewed its foreign relations and external behavior. In October after the Fifth Plenary Session of the 17th CPC Central Committee, Chinese State Councilor Dai Bingguo espoused China's "peaceful development" strategy as the strategic choice in his article titled "Adhere to the Path of Peaceful Development."<sup>28</sup> The paper declared that China's strategic intentions were expressed fully by the simple phrase "peaceful development." In other words, China's intentions were "seeking harmony and development on the domestic scene and seeking peace and cooperation from the outside world," a long-term policy that "must remain unchanged in the thoughts of the people and be carried out over several generations, including our own, or for tens or even hundreds of generations." Dai added that this would be unchanged as a basic policy over the centuries and even the millennia. He also noted, "In terms of our basic policy, never seeking leadership, never competing for supremacy and never seeking hegemony represent our basic national policy and strategic choice." Dai's arguments also touch on the traditional guideline "keep a low profile and achieve something," this is to say, "China should remain modest and prudent, not serve as others' leader or a standard bearer, and not seek expansion or hegemony. This is consistent with the idea of the path of peaceful development."

Many of the major domestic media carried Dai Bingguo's article and reiterated the policy of "peaceful development" and the KLP discourse, although the PLA's official newspaper *PLA Daily* did not republish it. Instead, the PLA views on international affairs and

foreign policy appeared in a paper on its military mission during the period of strategic opportunity presented by Deputy Chief of Staff Ma Xiaotian in January 2011.<sup>29</sup> Ma's paper was also in response to the Fifth Plenary Session, and it also relied on Hu Jintao's speech at the Session that if China judged its international and domestic situation comprehensively, it could be seen as a period of important strategic opportunities for China to "make great strides" (*dayou zuowei*) in development, a period of rare historical opportunity. It was, as Hu had said, a period when China was facing many risks and challenges, both predictable and unpredictable.

Of particular interest in Ma's paper are the basic views on which it rests. Ma, for example, showed his basic recognition that the appearance of a period of strategic opportunity depends on an organic combination of objective and subjective conditions. In other words, his article notes that there can be no period of strategic opportunity in the absence of both internal and external objective conditions. At the same time, the paper emphasizes that such a period requires a strong intention to achieve development as well as penetrating strategic insight; favorable domestic and foreign circumstances will not automatically result in a period of strategic opportunity.

Ma cites Deng Xiaoping's words that China should never seek leadership, which Ma called one of the basic conditions for maintaining a period of strategic opportunity. Ma continued, however, that seeking a moderate approach is not the same as doing nothing. He stressed that proactive actions are equally important.

As pointed out earlier in this section, Hu Jintao expressed the Chinese attitude towards foreign affairs as "*insist upon* keeping a low profile and *proactively* achieving something," while the arguments in the papers produced by both Dai Bingguo and Ma Xiaotian incorporate guidance from leaders such as Hu Jintao and the Party decisions. The question was whether to place the emphasis on "*insist upon*" KLP or on "*proactively*" achieving something. Even though the Hu Jintao administration pointed out a balance between the two, there was no clear priority given to either one in a political environment where calls for caution contested with calls for assertive action. As a result, Chinese diplomacy in the latter half of the Hu Jintao years swayed between cautiousness and assertiveness, especially regarding national security issues.

## 2. China-US Relations in the Asia-Pacific Region

### (1) Modeling a "New Type of Great Power Relations"

Chinese leadership first officially raised the concept of a "new type of great power relations," considered the key of the Xi Jinping's policies toward the United States, in February 2012 during then-Vice President Xi's visit to the United States. Diplomatic authority, however,

had broached this theory with the US side much earlier. At the first US-China S&ED held in Washington DC in July 2009, State Councilor Dai Bingguo had already presented the idea of a “new type of great power relations,”<sup>30</sup> and the Chinese side continued to mention this idea at every S&ED.<sup>31</sup>

As already noted, the birth of the Obama administration gave the Hu Jintao administration an opportunity to further the bilateral relationship on the basis of “mutual respect” as its foremost topic of foreign policy. In his treatment of a “new type of great power relations” between the two countries, Dai Bingguo customarily used the rubric “mutual respect, harmonious coexistence, win-win cooperation” by states with different social systems, cultural traditions, and levels of development. From the Chinese perspective, the China-US “new type of great powers relations” originally took “mutual respect” as its core pillar, and more specifically, seeking the United States’ respect for China’s core interests was a vital part.

In 2012, changes appeared in how Beijing discussed this “new type of great powers relations” between the United States and China. During the opening ceremony of the Fourth S&ED held in Beijing in May, then-President Hu Jintao said, “Our ideas, policies and actions have to move forward with the times, with new thoughts and substantive actions seeking to break down history’s traditional logic that great powers must confront and clash with each other, and we must seek out a new path to fostering great power relations for an age of economic globalization.” Hu called on the US side to “seek the path to new type of great powers relations of mutual respect, cooperation, and win-win outcomes.”<sup>32</sup> “In both economic dialogue and strategic dialogue held under the framework of the Fourth S&ED, the Chinese stressed the key phrase of “new type of great powers relations.” According to China’s *People’s Daily*, as part of the strategic dialogue, the two countries exchanged views on how to create a new type of great powers relations, and State Councilor Dai Bingguo said that “our two countries have the wisdom and ability to find new answers to the old problem that emerging superpowers and defensive superpowers collide.”<sup>33</sup> President Hu stated that the primary objective of China-US “new type of great power relations” should be to avoid confrontations and conflicts.

After coming into office in November 2012, President Xi Jinping made a clear modification to a China-US “new type of great power relations,” altering the rubric attached to the

bilateral relationship.<sup>34</sup> In the June 2013 summit meeting with Obama, President Xi addressed a “new type of great power relations” as the new path that China and the United States must follow in dealing with the objective need for rapidly developing globalization of the economy and for all countries to work together to overcome difficulties, without following the historical examples of great powers confronting and colliding with each other.<sup>35</sup> According to State Councilor Yang Jiechi, Xi summarized the contents of the “new type of great power relations” with three phrases: (1) no confrontations or conflicts; (2) mutual respect; and (3) win-win cooperation.<sup>36</sup>

The latter two—mutual respect and win-win cooperation—were emphasized during the Hu Jintao administration. The phrase “no confrontations or conflicts” indicates that the viewpoint of power transition is clearly incorporated into the Sino-US “new type of great power relations.” Since then, the pillars of the new great powers relations between China and the United States have been unified into “no confrontations or conflicts, mutual respect, and win-win cooperation.”<sup>37</sup>

Behind the shift in China’s emphasis in discussing the new type of China-US great power relationship there was an increasing sense of insecurity among leadership regarding to the Obama administration’s Asia-Pacific rebalance strategy, in particular in its treatment of military affairs. In the summer of 2012, Chinese Deputy Foreign Minister Cui Tiankai published a paper entitled “China-US Relations in China’s Overall Diplomacy in the New Era.” Cui noted that as China and the United States moved forward in seeking a new type of great power relationship, they would have to solve five thorny problems: (1) responding to the lack of strategic mutual trust; (2) solving the bottleneck of core interests; (3) truly implementing the principle of treating each other as equal; (4) reorganizing the trade mix; and (5) ensuring healthy interactions in the Asia-Pacific region.<sup>38</sup>

The first challenge is particularly notable, and the Obama administration’s rebalance is included in this context. Cui wrote: “In the process of rebalancing its approach to the Asia-Pacific region, the United States is greatly strengthening its system of alliances, moving forward with a missile defense system, promoting the Air-Sea Battle concept, and fueling confrontation between China and its neighbors, but what are the real intentions behind all this, and what kind of signals are being sent to China in this region? Not only China but also other countries in the region feel uneasy. The United States needs to face this problem, ensure there is no gap between its policy pronouncements toward China and its true intentions, and convince China, other countries in the region, and the international community as a whole of this fact.”<sup>39</sup>

Based on this perception, Cui noted that an urgent task of the China-US relationship was to “ensure the healthy interactions in the Asia-Pacific.” He stressed that lately a few problems had occurred in areas surrounding China, although China had not been the

instigator of such problems but rather a victim with the problems pressed upon it by others. On one hand, Cui pointed out the growing interdependence between China and its neighboring countries and China's constructive role in regional institutions. On the other, he made the harsh criticism on the US efforts to build up military alliances in the region, moves that are very much tinted with the Cold War mentality. Cui concluded the US efforts ran counter to the mainstream aspiration of the general public for peace, development and cooperation in the region.<sup>40</sup>

Obama's Asia-Pacific rebalance was thought to be a major challenge to China's security for two points. First, there is an increasing recognition in the United States of the Chinese threat. A CIIS study evaluated that the Obama's Asia-Pacific rebalance "was directed primarily at China, although not altogether at China." Regarding US influence in the region, this study noted that there had been changes unfavorable to the United States, and accordingly the American people were increasingly concerned about a potential outcome of competition between the hegemon and its challenger.<sup>41</sup> The study forecasted that China would face increasing US military pressure in its periphery.<sup>42</sup>

Another potential challenge to China would be the strengthening of military relations between/among the United States and its allies and partners, and how the relations have turned into networks. In particular, countries which are in territorial disputes with China had their doubts about the involvement of the United States, such countries were trying to balance against China by assertively responding to Obama's rebalance strategy, the CIIS study said.<sup>43</sup> If this trend grows stronger, it will be difficult for China to solve its territorial disputes, and relations between the United States and China will inevitably deteriorate.

In order to put the brakes on these possibilities, Xi Jinping has redefined the concept behind the new type of great power relations so that instead of stressing "mutual respect," for the time being the priority policy issue in relations with the United States became "no confrontations and conflicts."

## **(2) Institutionalization of Military-to-Military Relations**

In seeking to build a "no confrontations or conflicts" relationship with the United States the Xi Jinping administration has promoted the institutionalization of that relationship. Xi's predecessor Hu Jintao also endeavored not only to strengthen communications among the leadership but also to institutionalize the bilateral contacts by regularly holding the S&ED,

the High-Level Consultation on People-to-People Exchange (CPE), and other exchanges. However, the Obama administration played more of a leading role in the initial institutionalization.

In order to achieve a relationship of no confrontations or conflicts, Beijing further stressed the need for “disagreement management” (*fenqi guankong*). According to a CIIS report, *fenqi guankong* is clearly different from crisis management. The essence of crisis management is remedy, which focuses on how to prevent the situation from becoming uncontrollable or rapidly escalating, and how to re-stabilize the situation. However, the essence of disagreement management is prevention, which focuses on effectively handling disagreements and preventing them from escalating into crises or conflicts.<sup>44</sup> Disagreement management requires long-term effort, and can be realized through measures such as (1) building daily mechanisms, (2) coordinating major policies, and (3) working out a code of conduct.

US-China military-to-military relations is a vital component of a Sino-US relationship with “no confrontations or conflicts.” Beijing actively moved to create a consensus with Washington on military confidence-building measures (CBMs). In his June 2013 summit with President Obama, President Xi Jinping expressed the sense that the two countries’ military-to-military relationship lagged behind their political and economic relationships, and proposed two initiatives for improving this area: establishment of a system for mutual notification of major military activities and development of a code of conduct for safe conduct of naval and air military encounters. In April 2014, the Code for Unplanned Encounters at Sea (CUES) was signed by 21 Pacific nations at the 14th Western Pacific Naval Symposium (WPNS) in Qingdao. This was followed in autumn by two Sino-US agreements on military CBMs: one on notification of major military activities and another on a code of conduct for safe conduct of naval encounters. In September 2015, the two countries signed an arrangement on rules of conduct for ensuring the safety of air-to-air encounters of military aircraft.

It is worthy of note that Beijing has shown a positive attitude toward concluding military CBM agreements with the United States. Because of the “three gaps” (gaps of military capability, mission, and structure) that existed between the US and Chinese militaries, Beijing resisted concluding military CBM agreements with the United States for years.<sup>45</sup> Also, a PLAN handbook on the law of naval operation published in 2009 skeptically mentioned that even if the two militaries were to share the rules of safe operation, the effects would be limited. The handbook points out two fundamental difficulties: (1) the fairly large divergence in the two sides’ security interests, naval strategy, and naval operation methods; and (2) the different understanding of general principles of international maritime law and treaties.<sup>46</sup> In addition, it had been thought in China that if CBMs were put into place with a US military that had large disparities in capacity over the Chinese military, this would impede the development of the PLA, especially the PLAN, at a time when they sought to

strengthen their military capabilities and expand their area of operations.

With the arrival of the Xi Jinping administration and the installation of mechanisms both to handle military exchanges and to provide “disagreement management” between the two militaries, even the PLA leadership began to clearly emphasize the need to control the problems that existed between the two armed forces. General Fan Changlong, a vice chairman of the Central Military Commission, addressed the importance not only of high-level communication and exchanges but also of strengthening existing mechanisms for working-level cooperation and risk management.<sup>47</sup> In addition, part of the process of consensus formation between US and Chinese defense authorities regarding CBMs was establishment, for example, of a mechanism for personnel exchange between the two militaries’ strategic planning and policy departments and joint field exercises in humanitarian assistance and disaster relief (HA/DR).

However, the current progress of CBMs and institutionalization between the two militaries should not be evaluated solely in terms of the top leaders’ will. China and the United States concluded the Military Maritime Consultative Agreement (MMCA) in January 1998. Since then, Washington and Beijing have discussed safety standards and procedures to avoid military incidents. Meanwhile, it was not easy to form a consensus between the US side, which sought common safety standards, and the Chinese, which sought to make cessation of US military reconnaissance activities around China a prerequisite.

On the other hand, the MMCA Working Group Meetings continued the discussion on international communication standards, the laws of the sea and maritime safety and navigation. In May 1999, at the second MMCA annual meeting, both sides agreed that military ships and aircraft in the vicinity of each other should avoid hazards according to international regulations which had already been signed by Washington and Beijing.<sup>48</sup> Following the 2001 EP-3 collision incident, MMCA discussions have examined safe conduct of naval and air encounters by referring to the specific wording of international regulations.<sup>49</sup> The agreement reached between 2014 and 2015 on rules of behavior for safety encounters can be seen as the result of more than fifteen years of joint discussion.

However, despite institutionalization of relations between the two militaries, there was also strengthening of strategic competition between the two countries. In particular, China’s challenge to the status quo in the South China Sea accelerated. According to the US Department of Defense, Chinese land reclamation efforts in the South China Sea began in December 2013, China has reclaimed land at seven of its eight Spratly outposts and, as of late 2015, had reclaimed more than 3,200 acres of land, which was actually 64 times larger than the total of 50 acres claimed by other disputing countries.<sup>50</sup> China completed major land reclamation efforts in early October 2015 and began transitioning to infrastructure development, with each feature having an airfield—each with approximately 9,800-foot-long



runways—and large ports in various stages of construction.<sup>51</sup> Further, in January 2016, China was reported to have deployed long-range surface-to-air missiles and anti-ship cruise missiles on the Paracels' Woody (Yongxing) Island, and in April a Y-8 transport aircraft made a trip to Fiery Cross Reef in the Spratlys (Yongshu Island).

Given Beijing's heavy-handed approach in the maritime domain, it is clear that institutionalization has not eliminated the strategic competition between China and the United States.

### **3. The Trump Administration and China's Policy toward the United States**

In January 2017, contrary to most expectations, Donald Trump took office as President of the United States. The fact that Trump, viewed in China as a populist, had been elected was taken as a potential challenge in China. First of all, many Chinese experts on the United States and strategists said that Trump's slogan of "America First" really meant that the United States was to be first in economics, first in trade, and first in employment.<sup>52</sup> They interpreted the slogan as saying that any country perceived as challenging the US economic position would be regarded as a menace to the interests of the United States; China, the experts said, was no exception.

In fact, during the campaign, Trump declared that cheap products made in China were taking jobs away from the United States and pledged to apply high tariffs on Chinese products. Trump also claimed that China was manipulating the renminbi exchange rate to keep it low against the US dollar in order to raise China's export competitiveness vis-à-vis the United States.

In addition, following a telephone conversation with Taiwanese President Tsai Ing-wen in December 2016 shortly after the presidential election, Trump told the media: "Everything is under negotiation including One China." Trump further said that he wouldn't commit to the "One China" policy until he saw progress from Beijing in its currency and trade practices.<sup>53</sup>

If these comments were to be translated into policies, they would destroy the basic principles of Sino-US relations as set up by Beijing. A Chinese expert on Sino-US relations mentioned that so far, there had been a "unilateral consensus" on the Chinese side on how to deal with political, military, and strategic issues in its relationship with the United States. Regarding the Taiwan issue, in particular US arms sales to Taiwan, the expert said that shelving the issue as the "unilateral consensus" had facilitated strategic cooperation between China and the United States.<sup>54</sup> Trump's mention of changing the One China policy was perceived in China as a violation of the "consensus."

Since President Trump was a political “outsider” who was not necessarily devoted to the principles built up in the Sino-US relationship, Beijing sought ways to approach him via multiple routes. On February 9, 2017, President Trump had a telephone conversation with President Xi Jinping. The White House press release said that the two leaders discussed numerous topics and that “President Trump agreed, at the request of President Xi, to honor our ‘One China’ policy.”<sup>55</sup> While the use of the word “our” here suggests that President Trump does not fully agree with China’s One China policy, he nevertheless expressed his intent to “honor” it<sup>56</sup>. According to the *People’s Daily*, during the phone call Trump said that the US government understood the great importance of implementing the One China policy, and stressed that the US government would apply the policy unchanged.<sup>57</sup>

The Chinese side emphasized that this telephone conversation was not limited to the issue of Taiwan but also indicated the direction of development of Sino-US relations in the future. Chinese State Councilor Yang Jiechi said, “In line with the spirit of the phone conversation, and following the principles of no confrontations or conflicts, mutual respect and win-win cooperation, China is willing to ramp up exchanges with the United States at high and various levels, expand cooperation and coordination in wide-ranging bilateral areas and on major regional and international issues.”<sup>58</sup>

At the summit meeting in April, these principles were reaffirmed, with the subsequent task seen as bringing these principles into practice.<sup>59</sup> Xi and Trump established a new and cabinet-level framework for negotiations, the US-China Comprehensive Dialogue, which will be overseen by the two presidents and have four pillars: the Diplomatic and Security Dialogue (D&SD); the Comprehensive Economic Dialogue (CED); the Law Enforcement and Cybersecurity Dialogue (LE&CD); and the Social and Cultural Dialogue (SCD). Xi Jinping stated that “cooperation is the only correct choice for China and the United States, and our two countries can fully become good cooperation partners.”<sup>60</sup> According to the *People’s Daily*, President Trump also said “President Xi Jinping and I had a good talk and were able to establish an outstanding friendship. This conversation produced many very important results and will serve to move the US-China relationship forward.”<sup>61</sup>

Assuming that the Trump administration will strongly pursue US interests through its foreign relations, it appears that there is a strong domestic confidence in China that it can respond to such an approach. Yang Jiemian, the former President of the Shanghai Institute of International Affairs, has stressed that “cooperation between China and the United States is inevitable tendency of history.”<sup>62</sup> Especially in the economic and financial fields, the United States and China have already formed a “community of mutual interests,” and “even though there may be times of rough sailing in the relationship, development will continue toward the major goals.” In other words, Yang emphasized that there is no change in the structure of the US-China relationship in seeking win-win outcomes in economic affairs.

Another expert argues that the Trump administration, which lacks ideological restrictions on itself, represents a great opportunity for China, now an economic superpower. In particular, there is a persistent view in China that given the size of the Chinese economy, it can provide the United States with many economic benefits.<sup>63</sup>

However, US-China relationship remains far from stable. The inaugural D&SD was held in Washington DC in June 2017, attended from the Chinese side by State Councilor Yang Jiechi and General Fang Fenghui, Chief of the PLA Joint Staff Department, and by US Secretary of State Rex Tillerson and Secretary of Defense James Mattis. This dialogue gave the top priority to the issue of North Korea. The Chinese side stressed that Beijing's "dual-track approach" and "suspension-for-suspension" proposal had gained extensive understanding and support from the international community, and thus all relevant parties should actively consider adopting them.<sup>64</sup> It appears, however, that this approach was unable to resolve the differences with the position of the US side, which was to continue applying further economic and diplomatic pressures on Pyongyang and take necessary steps to defend the United States and its allies in order to prevent further escalation in the region.<sup>65</sup> There was no joint press conference, which had become normal after the S&ED sessions under the Obama administration, and production of a joint statement sought by the United States was also deferred.

The dialogue mechanism between the United States and China newly established with the Trump administration differs from that under the Obama administration in that it is positioned to aim for solution of specific problems. The Trump administration saw the Obama's S&ED mechanism as an "overburdened truck," and the new administration sought more substantive results in relations with China.<sup>66</sup> The new four dialogue mechanisms are not implemented in parallel with the overall dialogue in the general meeting, and each individual dialogue conducts discussion and seeks results in the individual subjects being addressed.

The outcome of the Trump administration seeking dialogue and cooperation with China is likely to become more concrete and substantial. It remains uncertain how much interest and value China can provide to the United States in response to US requests. In addition, even if deals are oriented around the economy, such economic gains will not necessarily work toward resolving the strategic competition between China and the United States.

This chapter can be summarized as follows. After the 2008-9 financial crisis, the

Chinese leadership strengthened its recognition that the world's balance of power is changing. As a result, China's external attitude began to shift toward becoming more assertive. Although Hu Jintao adhered to the strategic guideline "keep a low profile" while also arguing for "proactively achieve something" in international arena, these two concepts did not converge into a single new foreign policy concept. In the security field, while there were growing calls domestically for pressing China's rights and interests, this stance faced the challenge of how to position such demands within the context of foreign policy, in particular in China's relations with the United States. However, China's policy towards the United States vacillated between cautious and assertive approaches and thus lacked stability.

The Obama administration, in the course of strengthening the military aspects of its Asia-Pacific rebalance, caused a change in China's concept of a "new type of great power relationship" with the United States. The conventional "new type of great power relations" argument was an effort to get the US side to recognize China's core interests, but since 2012 the Chinese leadership began to address this from the viewpoint of power transition. Xi Jinping set "no confrontations or conflicts" as the most important element in the China-US "new type of great power relationship," advancing the institutionalization of bilateral relations, including military-to-military. However, as the China-US relationship over the South China Sea suggests, strategic competition between the two countries has strengthened.

The birth of the Trump administration in the United States brought the possibility of challenging the basic principles of the bilateral relationship that China viewed as having been built up over time. China, however, has now become an economic superpower, and the birth of a US administration which tries to manage foreign relations mainly as a function of economic interests has sparked a growing opinion within China that this situation now presents new opportunities in terms of economic deal.

(Author: Masayuki Masuda)

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# NIDS China Security Report 2018

The China-US Relationship at a Crossroads

## Chapter 2 US Policy toward China

(Sugio Takahashi)



## 1. Evolving US Strategy toward China after the Cold War

### (1) The Bush Administration: “Responsible Stakeholders” and “Shape and Hedge”

With the end of the Cold War, which was a global ideological competition with the Soviet Union up to the late 1980s, the rise of China was predicted to be the next strategic agenda. At that time, just after Tiananmen Square Incident in June 1989, China entered a period of rapid economic growth triggered by the “reform and opening up” led by Deng Xiaoping. In this phase, the question of whether China would emerge as a global power was still without a definitive answer, let alone the question of how to formulate US-China relations. Rather, despite uncertainties over the future of China, there were expectations that a huge market would be created by economic development under the “reform and opening up” policies, and the attitude most prevalent among Asian security experts was “If you see China as your enemy, China will be your enemy”—in other words, the rise of China should not be viewed with more wariness in unnecessary ways. As such, the Clinton administration’s basic policy toward China was to pursue engagement in ways that would prevent China from posing a security threat.

Pundits forecasted that US policy toward China would become tougher during the early stages of the Republican administration of George W. Bush, launched in January 2001, given that Asian experts in the Republican Party had been critical of the Clinton administration’s posture, particularly when President Clinton made a nine-day visit to China in 1998 without stopping by US ally Japan. In addition, the Cox Report, released in May 1999 by the Select Committee on US National Security and Military/Commercial Concerns with the People’s Republic of China (founded in 1998 and chaired by Christopher Cox), had strongly criticized China’s various intelligence-gathering activities in the United States. The Bush administration, informed by this report and other criticisms, was seen as leaning toward a more confrontational policy toward China while emphasizing relations with US allies, out of the concern that China would become a “peer competitor” in the future. It was against this backdrop that a US military EP-3E collided with a PLA fighter plane while collecting intelligence in the South China Sea in April 2001. The Chinese fighter crashed while the EP-3E had to make an emergency landing on Hainan Island. This incident increased tension between both countries, but at the same time it also raised their awareness of the importance of communication for crisis management.

However, the most important element that defined China-US relations during the Bush administration was the September 11, 2001, terrorist attacks. Like Western US allies, China quickly expressed support for the United States. This did not include the sort of

military support pledged by the Western allies, but China did share its intelligence on Islamic radicals active in the Xinjiang Uygur Autonomous Region, which represented substantial cooperation in counterterrorism. This paved the way for the opening of a US Federal Bureau of Investigation office in Beijing and other advances in China-US cooperation that were catalyzed by collaboration in counterterrorism.

The first US policy document released after the 9/11 attacks was the 2001 edition of the *Quadrennial Defense Review (QDR)*. Considering that it was issued on September 30, only 19 days after the attacks, most of it was likely already completed as of September 11. For this reason, it does not reflect any of the counterterrorism cooperation after 9/11 or the subsequent improvement of China-US relations. Instead, the report is thought to be based basically on the pre-9/11 US strategy. While it does not refer to China by name, it does express a concern that clearly had that country in mind: “Maintaining a stable balance in Asia will be a complex task. The possibility exists that a military competitor with a formidable resource base will emerge in the region.” Furthermore, in Chapter 5, “Creating the U.S. Military of the 21st Century,” the report is clearly concerned about military threats in the form of anti-access and area denial (A2/AD). Specifically, the report foresees the potential for various future threats such as: the denial or delay of access through saturation attacks using ballistic and cruise missiles; the prevention of intrusions by non-stealth aircraft through advanced air defense systems; surveillance and targeting of the US military using space-based capabilities, over-the-horizon radar, and stealth drones; the use of anti-ship cruise missiles, advanced diesel submarines, and advanced mines to deny access to littoral waters by US naval and amphibious units; and attacks against space assets by mobile long-range ballistic missiles and ground-based lasers. The report advises that the US military must become prepared for such threats by developing “robust capabilities to conduct persistent surveillance, precision strike, and maneuver at varying depths within denied areas.”

The 2002 NSS was the first edition issued after 9/11 and is notable for advocating the option for preemptive action against terrorism involving weapons of mass destruction. This NSS observed that “The United States relationship with China is an important part of our strategy to promote a stable, peaceful, and prosperous Asia-Pacific region. We welcome the emergence of a strong, peaceful, and prosperous China.” While some preconditions were attached, the statement that the United States “welcomed” the development of China went a step beyond the perception expressed in the *East Asia Strategy Report* for 1998 on the development of China (i.e., “We share with China an interest in its emergence as a stable, prosperous nation”), presenting a stance that more or less has carried forward to the present. The 2002 NSS also recognized the importance of cooperation with China in dealing with issues such as the Korean Peninsula, counterterrorism, and AIDS, making it clear that the United States perceived an expanded range of policy areas that called for cooperation with China.



At the same time, however, the 2002 NSS expresses strong concern about China's military development: "In pursuing advanced military capabilities that can threaten its neighbors in the Asia-Pacific region, China is following an outdated path that, in the end, will hamper its own pursuit of national greatness." Moreover, in line with Bush administration's emphasis on democratization the report also states that "The democratic development of China is crucial to [its] future. . . . In time, China will find that social and political freedom is the only source of that greatness. The United States seeks a constructive relationship with a changing China." Such statements reflect the US expectations for the democratic reform of China.

In the face of this mixture of both competition and cooperation in the China-US relationship, US Deputy Secretary of State Robert Zoellick proposed the concept of the "responsible stakeholder" in a September 2005 speech in New York.<sup>1</sup> Particularly noteworthy was his suggestion that "it is time to take our policy beyond opening doors to China's membership into the international system: We need to urge China to become a *responsible stakeholder* in that system." Borrowing from this quotation, the focus of the Clinton administration's policy of engagement can be aptly described as "opening doors to membership in the international system." The concept of "responsible stakeholder" goes a step further by treating China as a member of the existing international system.<sup>2</sup> This represented an epistemological shift from positioning China as "an emerging superpower outside the international system" to picturing it as "an emerging superpower within the international system." On a practical level, however, it is hard to say that this marked a major shift in US policy toward China. Zoellick also stated that "China has a responsibility to strengthen the international system that has enabled its success," and he called for China to act as "responsible major global player" by living up to its commitments to intellectual property and market economy principles, and by seeking to resolve political issues regarding exchange rates, energy security, North Korea, and Iran.

The subsequent Bush administration's policy toward China was "shaping and hedging," that is, "shaping" the future of China toward becoming a responsible stakeholder, while simultaneously "hedging" against the possibility that China might become a military concern instead. This concept was clearly laid out in early 2006 with the release of the QDR and NSS editions for that year.

Published in February, the 2006 QDR outlined four strategic goals, one of which was "To help shape the choices of countries at strategic crossroads." The countries referred to here are China, India, and Russia, and the report notes that this goal requires a balanced approach that "seeks cooperation but also creates prudent hedges against the possibility that cooperative approaches by themselves may fail to preclude future conflict." Regarding China, it builds on the responsible stakeholder concept by stressing the need to encourage China to play constructive roles: "U.S. policy remains focused on encouraging China to play

a constructive, peaceful role in the Asia-Pacific region and to serve as a partner in addressing common security challenges, including terrorism, proliferation, narcotics and piracy. U.S. policy seeks to encourage China to choose a path of peaceful economic growth and political liberalization, rather than military threat and intimidation.” At the same time, however, it expresses concern about the rapid growth of China’s military power and its lack of transparency, noting, “Of the major and emerging powers, China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could over time offset traditional U.S. military advantages absent U.S. counter strategies.”

The 2006 QDR was followed one month later by the 2006 NSS, released in March. The NSS declares, “As China becomes a global player, it must act as a responsible stakeholder that fulfills its obligations and works with the United States and others to advance the international system that has enabled its success. . . . China’s leaders proclaim that they have made a decision to walk the transformative path of peaceful development. If China keeps this commitment, the United States will welcome the emergence of a China that is peaceful and prosperous and that cooperates with us to address common challenges and mutual interests.” While emphasizing the concept of a responsible stakeholder, the report also asserts, “China’s leaders must realize, however, that they cannot stay on this peaceful path while holding on to old ways of thinking and acting that exacerbate concerns throughout the region and the world.” The report criticizes China for the lack of transparency in continuing its military buildup and clearly shows the direction toward which US hedging leans. In addition, just as the 2002 NSS referred to the importance of democratization, the 2006 edition criticizes China’s denial of freedom of assembly, speech, and religion.

Thus, the concept of “shaping and hedging” became the basis of US policy toward China under the Bush administration, treating China as “a member of the international system” expected to behave responsibly. Rather than merely advocate a cooperative stance toward China, this approach recognized the existence of policy issues on which the United States should cooperate with China and sought to have China address those issues through “responsible behavior” consistent with the national interests of the United States. As such, this approach raised the question of whether China would actually engage in the types of responsible behavior expected by the United States. Situations that contradicted that expectation were seen during the following eight years of the Obama administration.

## **(2) Obama Administration: Rebalancing toward the Asia-Pacific Region**

The Obama administration, which took office in 2009, campaigned while criticizing the Bush administration’s war in Iraq and Afghanistan, and its initial policy issue became the withdrawal of those US troops. Another important issue was how to recover from the global economic crisis of 2008. This was the international environment which the Obama adminis-

tration faced while putting together its policy toward China.

The Obama administration's initial policy toward China was represented by "strategic reassurance," a term coined by Deputy Secretary of State James Steinberg. This approach held that if the United States assured China of its support for China's status as a major power, then China would cooperate with the United States and play a responsible role in the interest of global stability. This policy concept seemed to go beyond the responsible stakeholder model of the Bush administration by more strongly expecting China's responsible behavior in the international system. The subsequent developments in China-US relations and China's foreign policy, however, forced a revision of this approach. First, in March 2009, an incident occurred in the South China Sea in which the USNS *Impeccable*, an acoustic intelligence vessel, was obstructed by Chinese vessels. Similar to the aforementioned collision of US and Chinese military aircraft during the Bush administration, this incident made it clear that military tensions continued to exist in the South China Sea. At the 15th Conference of Parties to the Framework Convention on Climate Change (COP 15) held that autumn in Copenhagen, China's behavior highlighted to the world that China was not yet ready to take responsible action on such a global agenda. Other issues clouded the situation as well, including the continued eruption of issues in the South China Sea, China's response to the crisis with Japan caused by the illegal operations by Chinese fishing boats in the waters of the Senkaku Islands, and China's maintenance of a very unclear defense policy while developing anti-satellite attack (ASAT) systems, stealth fighter aircraft, and A2/AD capabilities such as anti-ship ballistic missiles. Such developments forced the United States to roll back some of its expectations for "responsible behavior" from China.

As a result, from 2011 onward, the United States strategy toward China gradually emphasized competitive aspects of the China-US relationship. Specifically, the Defense Strategic Guidance (DSG) released in January 2012, featured a "pivot to Asia" strategy, otherwise called a "rebalancing toward Asia." This DSG is similar to the 2001 QDR in that it emphasizes coping with A2/AD capabilities and stresses the importance of access to Asia. As mentioned earlier, the threat of the spread of A2/AD capabilities had already been seriously addressed in the 2001 QDR, as was access to Asia: "Along a broad arc of instability that stretches from the Middle East to Northeast Asia, the region contains a volatile mix of rising and declining regional powers." Comparing the region with other important areas, the 2001 QDR says "The East Asian littoral - from the Bay of Bengal to the Sea of Japan - represents a particularly challenging area. The distances are vast in the Asian theater. The density of U.S. basing and en route infrastructure is lower than in other critical regions. The United States also has less assurance of access to facilities in the region." The DSG notes how the economic and security interests of the United States are closely related to deployment in the arc spreading from the Western Pacific and East Asia to the Indian Ocean and

South Asia, creating changing challenges and opportunities, and the report cites a need for the United States to rebalance its approach towards the Asia-Pacific region. Both reports present very similar perceptions of the strategic environment. Given the assumption that the basic framework of the 2001 QDR had already taken shape before 9/11, it can be surmised that the similarity between the two is in the essence of the Obama administration's rebalancing toward the Asia-Pacific region. It seems to suggest that the Obama administration sought a return to the pre-9/11 Asia strategy that the Bush administration had pursued at the start of its term.

Such a return would mean that the competitive aspects in the US-China relationship became amplified. This tendency can be observed in the 2015 NSS. First of all, as a general recognition of China-US relations, it states that "The scope of our cooperation with China is unprecedented, even as we remain alert to China's military modernization and reject any role for intimidation in resolving territorial disputes." This view touches on the progress in cooperation between China and the United States and yet takes a very critical position toward the modernization of China's military forces and the attitudes China shows toward its neighbors. On that basis, describing the basic US policy toward China, the NSS notes that "The United States welcomes the rise of a stable, peaceful, and prosperous China. We seek to develop a constructive relationship with China that delivers benefits for our two peoples and promotes security and prosperity in Asia and around the world." Having touched on the search for cooperation regarding climate change and economic growth and the denuclearization of the Korean Peninsula, the NSS continues that "While there will be competition, we reject the inevitability of confrontation. At the same time, we will manage competition from a position of strength while insisting that China uphold international rules and norms on issues ranging from maritime security to trade and human rights. . . . We will closely monitor China's military modernization and expanding presence in Asia, while seeking ways to reduce the risk of misunderstanding or miscalculation." The strong tone adopted in describing such contentious issues is not found in earlier editions of the NSS.

A major point of contention in the Obama administration's policy toward China as it built on the Bush administration's "responsible stakeholder" concept was the question of how to motivate China, when treated as a member of the international system, to behave responsibly. It was obvious that neither a simple, conciliatory approach nor an approach centered on military pressure alone could achieve that result. For example, in the Obama administration, Evan Medeiros, who served in a series of positions as National Security Council director for China and senior director for Northeast Asia, had written on such matters before entering the administration. Medeiros had advocated a three-pronged policy on China with the following elements: (1) engagement through direct bilateral talks; (2) rebalancing to strengthen the US commitment to regional security so as to reduce the security

concerns of China's neighbors while increasing incentives for China to cooperate with the United States; and (3) using those two approaches to integrate China into the existing international system based on the norms and laws of that system and thereby setting up a framework for China's actions.<sup>3</sup>

Judging by US policy toward China as actually applied during the Obama administration, it would seem safe to say that the three-pronged approach was the framework for the administration's basic policy. During the Obama administration, there were regular large-scale bilateral consultations with Beijing such as the US-China Strategic and Economic Dialogue (S&ED) and regular discussions between defense authorities of both sides such as the Strategic Security Dialogue (SSD). These were not held simply for the purpose of having meetings. Instead, these frameworks were established as fora for the United States and China to discuss very specific issues, with the S&ED covering matters such as trade balances, intellectual property rights, and exchange rates, while the defense agency talks focused increasing transparency, developing crisis management frameworks for military activities, and other such concerns. Aaron Friedberg, who is known as a hard-line polemicist toward China, said in an essay published in 2012 that engagement with China should not be pursued for its own sake but rather should take a results-oriented approach with certain clear goals to be worked toward. Friedberg showed a skeptical attitude towards the conventional arguments for promoting "shaping,"<sup>4</sup> but as can be seen from the course taken by such activities, the Obama administration did take discussions from their initial stage to the level of results-oriented consultations. The administration held a total of 13 summit meetings with China, starting with President Xi Jinping's visit to Sunnylands in 2013. Reflecting a trend in today's increasingly globalized world, some of these talks were held not as reciprocal visits but as meetings on the sidelines of multilateral summits such as the Nuclear Security Summit and G20 conferences. It appears that the Obama administration applied a results-oriented approach those US-China summits as well, with media reports indicating, for example, that President Obama raised the issue of information theft through cyber attacks originating in China and secured President Xi's pledge to respond to this issue. This can be seen as qualitatively significant change from the Clinton administration's policy of engagement, the goal of which seemed to be merely to hold exchanges with China.

Regarding the balancing approach, the key pillar supporting such a policy was likely the Japan-US alliance. However, in discussions on relocation of US Marine Corps Air Station Futenma in 2009 and 2010, confusion from that issue resulted when a new policy direction could not be achieved. Because of this and other developments, it wasn't until the Obama administration rolled out its "rebalance to the Asia-Pacific" policy in the latter half of Obama's first term that the Japan-US alliance came to such a pillar. This was the context for the Obama administration's balancing efforts for Northeast Asia, which involved bolstering

the Japan-US alliance mainly through revision of the “Guidelines for Japan-US Defense Cooperation,” and for Southeast Asia, which centered on strengthening the US commitment to the South China Sea issues and on building up relations with the regional countries, particularly Vietnam, the Philippines, and Singapore.

It is thought that these measures were ultimately aimed at integrating China into the existing international order based on its norms and the rule of law, but the desired results were not achieved. This failure was largely for four reasons. The first was that China’s “conceal one’s strengths and bide one’s time” posture, handed down until the Hu Jintao administration, was greatly changed under Xi Jinping, leading to a willingness to take a high-handed approach to foreign relations. The second, which is related to the preceding point, was that China also showed no qualms at ignoring existing international norms. Examples include disregarding the United Nations Convention on the Law of the Sea by continuing to assertively make territorial claims in the South China Sea under the “nine-dash line,” and publicly ignoring the International Arbitration Court’s decision on South China Sea issues in favor of the Philippines and seeking to have the ruling invalidated. These examples and other such behavior by China likely far exceeded what the United States had envisioned. A third reason was that ASEAN was unable to put up a united front in its response to South China Sea issues, thereby limiting the impact of US balancing. In particular, pro-China ASEAN members such as Cambodia were unable to support Vietnam or the Philippines in their disputes with China over South China Sea issues, meaning that ASEAN as a whole was unable to adopt an effective stance in response to China’s high-handed, unilateral behavior. In addition, around this time the Philippines, which had filed the arbitration case with the International Arbitration Court in the first place, was going through a presidential election and the subsequent change of administrations led to changes in its own China policy. Fourth, although direct consultations between the United States and China had achieved certain results on bilateral issues, such discussions did not lead to any changes in Chinese behavior concerning regional security as a whole.

As described above, the Obama administration achieved a certain level of progress in engaging Beijing regarding bilateral issues and in bringing balance to regional security, but produced only limited results toward its putative goal of integrating China into the international system. Nevertheless, the sustained pursuit of results-oriented talks with China and the increased US commitment to security in the Asia-Pacific region based on the Japan-US alliance can be considered achievements of the Obama administration. These achievements set the foundation for the future course of US-China relations.

### **(3) The Trump Administration: Restructuring Asian Strategy?**

During the US presidential campaign of 2016, much attention was paid to the remarks by candidate Donald Trump, who was expected to take positions far removed from the political establishment from the primary election stage. For example, in a speech made in Milwaukee, Wisconsin on April 4, 2016, Trump said that NATO had become “obsolete” and the United States should withdraw unless other members took on a larger share of the financial burdens. Regarding the Japan-US alliance, Trump said that just as the United States protects Japan, Japan should be willing to protect the United States, and that if Japan were not ready to do so, then the United States should withdraw its military forces from Japan.

Also, in December 2016, following the election, Taiwan’s President Tsai Ing-Wen talked with Trump by telephone. For the United States, with a “one China” policy, this was the first time ever that a president-elect had had a telephone conversation with the president of Taiwan. Thus, even before Trump took office, he raised serious concerns whether there might be fundamental changes in the active commitment to security in Europe and the Asia-Pacific region that had formed the basis of US foreign policy since the Cold War, if not since the end of the Second World War.

Such concerns, however, faded away. On February 9, President Trump talked by telephone with China’s President Xi Jinping, and the subsequent US press release announced, “President Trump agreed, at the request of President Xi, to honor our ‘one China’ policy.” On February 10, Japan-US summit talks were held at Mar-a-Lago, Florida, and a joint statement clarified, for example, that the Senkaku Islands were within the scope of the Japan-US Security Treaty and that the two countries would maintain the basic framework for foreign policy on the Asia-Pacific region. In addition, the United States conducted a cruise missile attack on April 6 against Syria’s Assad regime for its use of chemical weapons, an indication that the United States would resort to force of arms if necessary and demonstrating through its actions that the United States would continue to respect its commitment to global security.

In the Asia-Pacific region as well, the United States has kept pressure on North Korea through a combination of military means and economic measures in response to its provocative actions and its ongoing nuclear and missile development, and the US military has conducted “freedom of navigation” operations in the South China Sea more frequently than during the Obama administration. In such ways, the Trump administration has displayed through its actions that the United States intends to actively participate in the security of the Asia-Pacific region with concrete actions just as in the past. The question of what strategic framework should be used to guide those actions was a key challenge in the Trump administration’s foreign and security policies. The central issue here was, needless to say, policy toward China. During the George W. Bush and Obama administrations, the basic policy orientation toward China was “shape and hedge,” but as discussed earlier, the validity of that

approach needed to be fundamentally re-considered, and in fact the China policy of previous administrations as a whole needed to be fully reviewed.

An answer to these issues was presented by the 2017 NSS, which was released on December 18, 2017. Over the years, the United States has formulated different documents outlining security strategy, including the Department of Defense’s QDR (discontinued with the 2014 edition), the National Defense Strategy (previously formulated in 2006 and 2008, and re-formulated in January 2018), and the National Military Strategy. Among these, the NSS is considered the paramount document, but in the past it was often issued after the release of lesser documents. In fact, under the Bush and Obama administrations, the QDR was crafted before the NSS. As such, the Trump administration took an unprecedented step by formulating the NSS ahead of other security documents.

One of the biggest defining characteristics of the 2017 NSS is that it sets forth a radical overhaul of US policy toward China, based on a pessimistic view of the global security environment. First, it criticizes the core premises of the United States’ post-Cold War foreign and security policies, declaring, “Since the 1990s, the United States displayed a great degree of strategic complacency. We assumed that our military superiority was guaranteed and that a democratic peace was inevitable. We believed that liberal-democratic enlargement and inclusion would fundamentally alter the nature of international relations and that competition would give way to peaceful cooperation.” It also painted a new world view where “Great power competition returned. China and Russia began to reassert their influence regionally and globally.” and highlighted three major threats to the United States: China and Russia as forces disruptive to the status quo, Iran and North Korea as rogue states, and Islamist extremists as a transnational threat. Regarding China, it expresses a very harshly cautious view, stating, “China seeks to displace the United States in the Indo-Pacific region,” and excoriates the engagement approach that began with the Clinton administration and the responsible stakeholder concept of the Bush administration: “These competitions require the United States to rethink the policies of the past two decades—policies based on the assumption that engagement with rivals and their inclusion in international institutions and global commerce would turn them into benign actors and trustworthy partners. For the most part, this promise turned out to be false.”

Preface

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In the context of Asian security, President Trump spoke of the US vision for “a free and open Indo-Pacific” in his November 10, 2017 speech at APEC summit in Da Nang, Vietnam, and the NSS described the Indo-Pacific regional situation as one where “A geopolitical competition between free and repressive visions of world order is taking place.” It then levels criticism at Beijing, noting, “Although the United States seeks to cooperate with China, China is using economic inducements and penalties, influence operations, and implied military threats to persuade other states to heed its political and security agenda.” Although this edition condemns China’s behavior and the foreign and security policies of previous US administrations, it does not present a concrete policy toward China. Nevertheless, it deserves attention for its how it completely avoids including a message that the Obama administration always placed in its China policy statements: “The United States welcomes the rise of a prosperous, peaceful and stable China.” Against the backdrop of the need to radically overhaul the “shape and hedge” concept, this avoidance can be seen as the Trump administration’s deliberate choice to abandon the “shape” approach that had evolved from the policy of engagement.

Starting with the Nixon administration, for years the basic US policy toward China had been to change China before it became a major power. The Clinton administration’s policy of engagement and the Bush administration’s responsible stakeholder concept are also understandable in that context. However, China’s unilateral, high-handed external behavior manifested during the Obama administration showed that attempts to change China before it became powerful had not been successful. The basic strategic premise of future US policy toward China is to face up to a China that has become powerful without changing in the ways desired. The 2017 NSS proposes an answer to this issue. The new US policy toward China, founded on that approach, could have a long-term impact on global security, and thus will be closely watched.

## **2. US Analysis of Trends in Chinese Military Power**

### **(1) Analysis of A2/AD Capabilities**

Military balance is a very important factor for consideration in thinking about US-China relations. This is in part because uncertainty about China’s national defense policy, in particular its specific military strategies and the makeup of defense expenditures, has long been a problem, as already mentioned by the 1995 edition of the *East Asia Strategy Report* in looking at the lack of information about the Chinese military. Section 1202 of the United States’ National Defense Authorization Act of 2000 requires the Secretary of Defense to make an annual report to Congress assessing the current and future military power of China, taking into consideration advances in the country’s military technologies. Since then, the

Department of Defense has annually issued this report, commonly known as the “China Military Power Report” (CMPR).<sup>5</sup> Since China itself still does not reveal specific information on its plans for deployment of military power, this report has become a very valuable document that reveals the United States’ analysis of Chinese military power and serves as a very accessible source of information on the Chinese military.

This section, rather than attempting to provide a comprehensive account of each year’s report, will consider how the United States analyzed two topics, A2/AD capabilities and nuclear forces.

First of all, A2/AD capabilities are hardly touched on in the first edition, the 2002 CMPR. As mentioned earlier, the 2001 QDR described in detail assumptions on the future of anti-access capabilities; while this represents a marked difference from the CMPR, it is possible that the Department of Defense had not yet concretely evaluated A2/AD capabilities specifically addressing China at that point. Although the term “anti-access” had already emerged by this time, it was used in the context of interference with the deployment of US military forces through attacks on their computer network (now called cyber attacks). It wasn’t until the 2004 edition that the CMPR included a section called “Anti-access Strategy,” providing a description of how China had been developing naval mines, attack submarines, cruise missiles, special operations units, and electromagnetic pulse equipment to block foreign military intervention in littoral and blue-water areas. The 2005 edition followed the lead of the 2004 CMPR in providing descriptions of anti-access capabilities and also included mention of the existence of “Assassin’s Mace” (Shashoujian) program for targeting an opponent’s vulnerabilities with precision attacks or cyber attacks.

Up to the 2005 CMPR, the current term “A2/AD capabilities” was not in use. At that time, the various manifestations were only referred to as anti-access capabilities. The concept carried in the AD portion of the current term appeared for the first time in the 2005 CMPR, expressed as “anti-access/sea-denial” capabilities. The 2005 edition assessed that there were no signs that China was broadening its concept of anti-access and sea denial to encompass sea control in waters beyond the Taiwan Strait.

The term “area denial capability” began appearing in the CMPR with the 2006 edition, which added a new section titled “Emerging Area Denial Capability.” This section asserted that China was developing a multilayered system for local sea denial, including: the development of a C4ISR (command, control, communications, computers, intelligence, surveillance, and reconnaissance) system for acquiring targeting information, submarines armed with cruise missiles, and anti-ship aircraft and surface vessels; the strengthening of long-range strike capabilities through Harpy unmanned aerial vehicles (UAVs) procured from Israel and domestically manufactured UAVs; and exploring the use of ballistic and cruise missiles for anti-access missions. The 2007 edition delved into this subject in greater

detail, declaring “Increasingly, China’s area denial/anti-access forces overlap, providing multiple layers of offensive systems, utilizing the sea, air, and space.” It particularly urged vigilance against China’s long-range anti-access capabilities.

What is noteworthy in the 2008 edition is the appearance of descriptions of anti-ship ballistic missiles. The report said that China’s investment in multilayered A2/AD capabilities included a 1,500-km-range anti-ship ballistic missile based on the airframe of the medium-range DF-21 ballistic missile, a C4ISR system for locating and tracking targets, and terminal guidance systems for attacking surface vessels. The report also noted that China was developing its capability to attack aircraft carriers and other naval vessels deployed in the Western Pacific. Since the 2009 edition, the descriptions of these systems have been updated with each new edition, and according to the latest version, the 2017 CMPR, China is strengthening its capabilities in the following areas: (1) long-range precision strike capabilities using ballistic and cruise missiles; (2) ballistic missile defense capability primarily for dealing with ballistic missiles with ranges around 3,000 km; (3) surface and submarine warfare capabilities using anti-ship ballistic/cruise missiles and torpedoes; (4) space operation capabilities, including command and control and navigation support; (5) information warfare-related operational capabilities combining electronic warfare capability with cyber and space related capabilities; (6) cyber operation capabilities aiming to incapacitate adversary networks; (7) integrated air defense systems with a range exceeding 500 km; and (8) air combat capabilities using stealthy fifth-generation fighters (mainly the FC-31 and J-20) and long-endurance UAVs. Comparing these descriptions with future threats foreseen in the 2001 QDR shows amazing similarities. The US military is today faced with capabilities it predicted some 20 years ago.

## **(2) Analysis of Nuclear Forces**

The first CMPR (2002) analyzes China’s strategic nuclear forces as centered on 20 DF-5 long-range ballistic missiles, which were being replaced by the DF-5A with an extended range, as well as around 10 of the shorter range DF-4s. These are liquid-fuel, fixed-silo types, but China was also developing a mobile DF-31 using solid fuel as well as a submarine-launched ballistic missile (SLBM) also using solid fuel. Later this SLBM was named the JL-2 (Julang 2), and the report assessed that this was being developed as a variation on the DF-31. The 2005 edition included a comprehensive estimate of the quantities involved, seeing 10 to 14 silos for the DF-4 and 20 to 24 of the missile itself, with about 20 each for the DF-5. These quantitative estimates were carried forward in the 2006 and 2007 editions, but the 2008 edition noted that introducing mobile nuclear missile systems like those for intercontinental ballistic missiles (ICBM) or SLBMs would raise concurrent issues of command and control, which would be more serious for the Chinese Navy operating its ballistic missile

nuclear submarines (SSBN). Looking at command and control problems, the 2008 CMPR mentions that the Second Artillery (currently the Rocket Force) had reportedly been given training that predicated a loss of communication with senior command centers.

The 2010 edition carried a new estimate that about 30 of the DF-31 and extended-range DF-31A were deployed in addition to 20 each of the DF-5 and DF-4. In the 2011 edition the way of expressing such quantities changed, giving totals slightly below previous estimates as the estimated total for the DF-4, DF-5, DF-31, and DF-31A was 55 to 65. The 2012 edition also shows such totals, but this rose slightly from the previous year's estimate, reaching 50 to 75 in total. The same estimate appears in the 2013 edition, but it should be noted that this includes an assessment that a command and control system for the new type of nuclear forces had been deployed. Deployment would result in greater command and control capability for the Second Artillery's units, according to the report, specifically improving the ability to grasp the situation of ICBM units, setting up unimpeded communication paths for all command hierarchies, and the ability to pass instructions to multiple units simultaneously. The report notes that there are still problems to be resolved involving appropriate command and control of dispersed nuclear forces such as SLBMs and road-mobile ICBMs. China must conduct further development of more sophisticated command control systems to insure accurate transmission of the national leadership's decisions on the use of

**Table 2-1: China's Major Long-range Ballistic Missiles**

Name	Range (km)	Type	Launch system	Fuel	Deployed	Remarks
DF-3A	3,000	Intermediate-range	Mobile	Liquid	1971	None
DF-4	5,500+	Intercontinental	Silo	Liquid	1980	None
DF-5/5A	13,000+	Intercontinental	Silo	Liquid	1981	None
DF-5B	13,000	Intercontinental	Silo	Liquid	2015	MIRV-mounted
DF-21/21A	2,150	Intercontinental	Mobile launcher	Solid	1991	None
DF-31	7,000+	Intercontinental	Mobile launcher	Solid	2006	None
DF-31A	11,000+	Intercontinental	Mobile launcher	Solid	2007	None
DF-41	15,000?	Intercontinental	Mobile launcher	Solid	2017	MIRV-mounted
DF-26	4,000	Intermediate-range	Mobile launcher	Solid	2015	Nuclear and conventional

Source: NIDS *China Security Report* 2016, p. 45.

nuclear weapons.

In the 2015 edition, the DF-4, DF-5A, DF-31 and DF-31A estimates were revised somewhat downward to a total of 50 to 60 units. Here, however, estimates include the DF-5B, which was not included in earlier estimates. This missile was regarded as an ICBM converted into a multiple independently targetable reentry vehicle (MIRV). Since a single MIRV can carry multiple warheads, the number of warheads that can be transported will be greater than the base number of missiles. (The DF-5B is said to be able to carry three warheads.)

A significant upward revision of quantity was made in the 2016 edition. This edition showed nearly double the estimate of the previous year, assuming that the total of the DF-4, DF-5A and MIRVed DF-5B, DF-31, and DF-31A had reached 75 to 100. This estimate is carried forward to the latest version, the 2017 edition.

### **3. US and Chinese Approaches to Strategic Stability and Regional Security in East Asia**

#### **(1) The Concept of Strategic Stability**

In the previous section, we described changes in the description of A2/AD capabilities and nuclear forces in the US Department of Defense's CMPR. A brief summary of this would be that the modernization of China's military capabilities is rapidly progressing both in conventional forces and nuclear forces. Under such circumstances, how to build strategic stability between the United States and China has become a major issue.

"Strategic stability" is a term that is often misunderstood, not only in Japan but elsewhere as well. The term does not refer to a stable strategic environment as a whole. This is a technical term in deterrence theory referring specifically to "arms race stability" and "crisis stability." Arms race stability is a concept that expresses relationships in ordinary circumstances, meaning that mutual force structures and trends in military technology are not intensifying an arms race.

The other concept of strategic stability, "crisis stability," is a concept that comes into play when security tension has become evident, escalating to a crisis situation where both countries concerned are starting war. Specifically, mutual force structure and trends in military technologies are in a state where neither side would have any advantage if it made a first strike, and even if a first strike were carried out, it is still obvious that the side making that attack would also suffer great damage from a second strike by the surviving forces. Under these circumstances, neither side would have an incentive to launch a first strike, thus making crisis management relatively easy. This is the situation expressed as "crisis stability." On the other hand, if a first-strike attacker can enjoy a great advantage, each feels strongly that not attacking first will mean defeat. In that case, the incentive to strike first is strong, which

inevitably makes crisis management difficult. In this way, strategic stability refers to the technical elements such as force structure and trends in military science which can create a situation where arms race becomes difficult and where crisis management is stable. It basically does not include political elements. In that sense, it is not a phrase that refers in general to a stable strategic environment.

From the viewpoint of crisis stability, the idea of invulnerable nuclear retaliation capability is particularly important in the theory of nuclear deterrence developed since the Cold War. Invulnerability means that even if one side receives a first strike, their retaliatory force is not destroyed and can maintain sufficient ability to mount a counterattack. If both sides have this invulnerable nuclear retaliation capability, then each side will feel a limited incentive to strike first. This is because following any first strike, the side which attacked will eventually be destroyed if it is subjected to nuclear retaliation. Therefore, when both sides have this invulnerable nuclear retaliation capability, neither side will have the incentive to launch nuclear first strike even in case of escalated crisis. Also, from the viewpoint of arms race stability, if one side has deployed an invulnerable nuclear retaliation capability, and if it constitutes minimum deterrence, the incentive for further arms race competition is reduced.

This “crisis stability” was basically a concept for managing confrontation between the United States and the Soviet Union during the Cold War. This continues to be the basic principle for US and Russian nuclear arms control, but given the rapid modernization of the conventional and nuclear forces in China, the concept has also come into use regarding relations with China.

When discussing strategic stability in the context of regional security, another important concept is the “stability-instability paradox.” The stability-instability paradox is a situation that can occur when strategic stability based on mutual vulnerability is established at the strategic nuclear level. If a mutual deterrence situation is established at the strategic nuclear level, both sides will be wary of escalating a conflict up to that level, and at a certain stage, each side can be expected to restrain its actions and try to control the situation. However, if one side looks at this from the opposite angle, that side may well assume that even if a conflict breaks out, the other side’s response will be restrained, and that assumption may thus result in one side taking some consequential action at a low level. As a result, the regional security environment becomes unstable. The stability-instability paradox indicates that strategic stability at the strategic nuclear level destabilizes the security environment at the regional level, creating this paradoxical situation. Applying this to security in East Asia, assuming that strategic stability has been established between the United States and China, this could result in some situation that destabilizes the regional security environment, and that would be evaluated as an example of the stability-instability paradox.

## **(2) China's Capability for Nuclear Retaliation and the Obama Administration's Considerations**

China has never explained its nuclear strategy in a systematic way, apart from the principle of “no first use.” For this reason, various analyses have been attempted in the United States based on open-source materials. The central view of these analyses is that during the Cold War, compared to the United States and the Soviet Union, China had only a very small nuclear force, so it adopted the basic concept of “minimum deterrence” which tried to provide a minimum of deterrence with only a small nuclear force. On the other hand, in 2010 Evan Medeiros and Taylor Fravel argued that the reason China's nuclear strategy did not develop like those of the United States and the Soviet Union is that China's nuclear development has been focused on nuclear engineers with little thought given to consistency with military strategies.<sup>6</sup> In addition, they point out that there had been stagnation of research in the social sciences, including strategic research during the Cultural Revolution, while China's highest leaders, including Mao Zedong and Deng Xiaoping, espoused the concept of a “strategy of assured retaliation.” The leadership considered that the role of China's nuclear forces was to deter nuclear attacks from the United States and Soviet Union. From that point of view, the basic idea of China's nuclear strategy was that even if China suffered a nuclear attack, the small number of nuclear weapons highly likely to survive that attack should be enough to inflict unbearable destruction on the enemy. Their concept of “assured retaliation” was on a much smaller scale than the complete ruin of the other party taken as the goal by the United States and the Soviet Union in achieving forces aimed at “assured destruction,” but in setting up a goal of delivering an unbearable attack, the Chinese concept of assured retaliation also differs from the minimum-deterrence strategy.

Looking at the balance in nuclear forces between the United States and China, China's nuclear forces are extremely small compared to those of the United States, which has maintained a huge nuclear force since the Cold War. However, given that the Anti-Ballistic Missile

Treaty (ABM Treaty) prohibited the United States and the Soviet Union from deploying a nationwide ballistic missile defense (BMD) system during the Cold War, and that, regardless of the United States' withdrawal from the treaty and commencement of full-scale BMD development, it is very difficult to deploy a BMD system capable of dealing with the long ranges and high terminal velocity of ICBMs, it is clear that China had some

level of capability to launch retaliatory nuclear strikes against the United States. Today, the United States is faced with the very important question of how to build its relationship with China, and as a natural consequence, it must deal with the major issue of defining and building a nuclear strategic balance with China as part of its overall nuclear strategy. A serious matter of concern in that respect is whether or not China and the United States should be seen as having a mutual vulnerability. For example, Linton Brooks, a former under secretary of energy for nuclear security, has said that since China has some degree of nuclear retaliatory ability against the United States, mutual vulnerability is “a fact of life” that the United States should recognize. On the other hand, Keith Payne, who served in the Department of Defense as a deputy assistant secretary covering nuclear strategy during the Bush administration, pointed out that since mutual nuclear deterrence is inherently unstable, in future it will be important for the United States to strengthen its missile defense capabilities as a way of dealing with the Chinese nuclear retaliation capabilities.<sup>7</sup>

In 2010 the direction of the Obama administration’s approach to this issue was encapsulated to an extent in the processes of formulating Ballistic Missile Defense Review (BMDR) and the Nuclear Posture Review (NPR) in 2010. First, under the BMDR, the BMD system for the US homeland deals only with small-scale attacks involving a limited number of ICBMs (as North Korea and Iran could potentially deploy in the future), and thus does not address the level of ICBM threat posed by China’s nuclear retaliation capabilities. On the other hand, the BMDR indicated that the United States intended to expand the deployment of Aegis BMD and other systems for countering regional ballistic missile threats. After BMDR, the NPR report mentioned strategic stability in the context of Russia and China. Since, however, there are differences in description between the concept of strategic stability between the United States and Russia and that between the United States and China, the specific implications of each are seen as being different. Regarding the US-Russia relationship, the NPR report uses a description that accepted mutual vulnerability as the basic concept of strategic stability during the Cold War. However, in the case of the US-China relationship, the review mentions strategic stability in the context of dialogue and transparency with no nuance of mutual vulnerability but with emphasis on the strengthening of trust and improvement of transparency. In other words, one can interpret that in the US-China relationship, strategic stability is sought by emphasizing arms race stability, where the incentives for an arms race are reduced by improving transparency rather than through mutual vulnerability. To summarize, we can view the Obama administration as not seeking to physically negate mutual vulnerability as a fact in the bilateral relationship with China by strengthening the BMD system for defense of the US homeland, but at the same time, the Obama administration did not publicly recognize such mutual vulnerability.



### **(3) US-China Strategic Stability and Security in the Asia-Pacific Region**

As mentioned in the previous section, the Obama administration's declaratory policy concerning strategic stability between the United States and China emphasized the importance of transparency and trust without mentioning mutual vulnerability. Considering the current strategic balance in the Asia-Pacific region, this would seem to be an appropriate policy. In the Asia-Pacific region, there are concerns about China's assertive activities and attempts to gradually change the status quo in the East China Sea and the South China Sea.

In addition, China is also moving forward with modernization of its conventional forces by strengthening its A2/AD capabilities. Such efforts include strengthening its ballistic missile forces at the theater level. Surface bases in this region are becoming increasingly vulnerable, and under certain conditions, China could gain the advantage over US conventional forces, a possibility causing growing concern in the region.

Under such circumstances, if the United States should publicly acknowledge the existence of strategic stability based on mutual vulnerability, there is a possibility that the stability-instability paradox would come into play and China's actions could become even more assertive and unilateral. It is therefore considered desirable for the United States to continue its policy of building a strategic balance between the United States and China based on the premise of not explicitly acknowledging mutual vulnerability.

The rapid modernization of China's nuclear forces can create new challenges in the future as well. According to the latest CMPR, China's strategic nuclear arsenal is estimated to comprise somewhere around 75 to 100 ICBMs. This includes the MIRVed DF-5B, which can be equipped with three warheads. The number of DF-5B ICBMs is not stated in the CMPR but is estimated to be 20 in the Military Balance 2017 report issued by the United Kingdom's International Institute for Strategic Studies. If this estimate is correct and each of these ICBMs can carry three nuclear warheads, the number of nuclear warheads that China can project to the United States would be 140. In addition, China is seen as developing a DF-41 that uses solid fuel and is road-mobile. Since this DF-41 is MIRVed and considered to be capable of mounting 10 warheads, if the DF-41 is deployed, the number of projectable warheads will increase significantly.

So far, the strategic assumption regarding China's nuclear forces has been that the number of projectable warheads was limited, so evaluations have been based on counter-city strategy, as have been the discussions on China's assured retaliation strategy. However, counter-city nuclear strike is a very high-threshold form of attack and is not a simple matter. At the same time, however, since the United States has a large number of nuclear weapons that can deliver warheads quite accurately, it has every option at its disposal, including counterforce attacks against the adversary's nuclear forces. The implication here, therefore, is that even though mutual vulnerability between the United States and China was "a fact of

life” as Brooks pointed out, the actual situation was extremely asymmetric.

However, if the DF-41 is deployed, this situation will change dramatically. This is because if it is assumed that the DF-41 has the same high precision as the conventional ballistic missiles already deployed, then China will become able to carry out counterforce attacks, a capability possessed so far by only the United States. Currently, the US strategic nuclear arsenal is limited to 1,550 deployed warheads per the Strategic Arms Reduction Treaty (START) with Russia. Those include 400 ICBM single warheads mounted on silo-based Minuteman III missiles. In other words, assuming a scenario in which China launches an attack aimed at wiping out the United States’ ICBMs, those 400 silos would be targeted. In that case, what China would likely use for the first strike would be its silo-based DF-5B and MIRVed DF-41. This is because the silo-based missiles would likely be the target of US retaliatory attacks. Then, since the maximum number of warheads carried by the 20 DF-5Bs is 60, if 34 DF-41s were deployed, each US silo could be attacked with one warhead. If 74 DF-41s were deployed, it would be possible for each silo to be attacked with two warheads. In other words, if the DF-41 goes into deployment, China will create a situation whereby it could destroy many US ICBMs with a first strike by 100 or fewer missiles.

Of course, even if the ICBMs were all destroyed, the United States could launch a retaliation with SLBMs, so this itself does not inherently damage the United States’ nuclear deterrent. It is hard to imagine, however, that the United States would accept this situation. One possibility would be to increase the number of ICBM deployments when deploying the follow-on ICBM that is a successor to the Minuteman III. Under such circumstances, Russia would have to worry in the same way about China’s ICBMs, which in turn would make it extremely difficult for the United States and Russia to proceed with nuclear disarmament following the current START. In the first place, it is extremely difficult to establish nuclear arms control among three countries. One of the parties has to consider the situation where the other two parties would join together and compete against the first party, thus giving one party the strong incentive to develop nuclear forces equivalent in scale to those of the other two parties combined. In other words, in a situation where the three countries have nuclear forces on roughly the same scale, arms race stability cannot be preserved, representing a low priority in the overall strategic stability.

For this reason, the lack of transparency regarding China’s nuclear forces is becoming an increasingly great problem not only from the perspective of regional security but also from the perspective of the global nuclear arms control system. The international community needs to pay close attention to the trend of strategic nuclear forces in China now more than ever, and China should increase its transparency about its specific nuclear strategies and its nuclear forces development plans. Furthermore, in modernizing its own nuclear forces, China should be able to maintain clearly and logically that it will not be an impediment to

nuclear disarmament by the United States and Russia, which constitutes an integral element in the international community's efforts towards a world without nuclear weapons.

(Author: Sugio Takahashi)

**NIDS China Security Report 2018**

The China-US Relationship at a Crossroads

# **Chapter 3**

## **Issues in China-US Relations in the East Asian Region**

(Shinji Yamaguchi)



How do China-US relations play out in the East Asian region? Additionally, how does the unfurling of such relations within the region shape the entire China-US relationship? In this chapter, we will look at the respective issues in three areas—the Korean Peninsula, the South China Sea, and Taiwan—and analyze the development of the China-US relationship in each.

## 1. The Korean Peninsula

### (1) The US Approach

For the United States, the North Korean issue is one of denuclearizing the Korean Peninsula and deterring North Korea. In other words, its focus is to force North Korea give up its nuclear development, while doing what it can to protect its allies Japan and South Korea, both of which face the threat from the North.

The North Korean policy adopted by the Obama administration was labeled “strategic patience.” That refers to the approach of linking the complete denuclearization of North Korea with regime preservation and the normalization of diplomatic relations, while stressing both the freezing of nuclear weapons development and the deferring of nuclear tests as conditions for negotiation, along with applying economic sanctions against North Korea in cooperation with Japan and the Republic of Korea (ROK), and urging China to strengthen its pressure on North Korea.<sup>1</sup>

The policies of the Obama administration pinned high hopes on China’s role, predicated by the observation that the relationship between China and North Korea was changing. In other words, there was a debate between those stressing China’s traditional view emphasizing friendly relations with North Korea, in which it was regarded as a significant strategic buffer zone, and those taking the stance that North Korea represented a strategic liability for China, with its increasingly uncontrollable actions placing a burden on China’s relations with both the United States and South Korea. The idea was that China’s patience was wearing thin owing to the repeated provocations of North Korea, and that China would thus gradually find it more beneficial to cooperate with the United States. As a practical matter, moreover, China’s cooperation was considered indispensable for economic sanctions against North Korea to be viable.

Another assumption was the diagnosis that North Korea, as a fragile failed state, faced the possibility of regime collapse. The biggest danger regarding North Korea was that its nuclear and missile development would progress, allowing it to acquire nuclear attack capability, but the scenario of the collapse of the North Korean regime was assigned the same or even greater likelihood.<sup>2</sup> In that case as well, cooperation with China would also be indispensable.

In reality, however, North Korea’s nuclear and missile development did move along,

with the country conducting repeated nuclear tests and missile launch tests, making it evident that the US policy towards North Korea was not delivering sufficient results. With that happening, people in the United States increasingly came to call for greater pressure to be exerted on China, saying that that country was only posing to be cooperative with the United States in attempting to denuclearize North Korea, while not cooperating wholeheartedly.

For example, Victor Cha of the US Center for Strategic and International Studies (CSIS) argued that the United States should not abandon the option of using force against North Korea in order to make China more cooperative in forcing North Korea’s denuclearization. According to his assessment, not only would the option of using armed force and the deepening of trilateral cooperation among Japan, the United States and South Korea strengthen deterrence against a nuclear-armed North Korea, but those moves would also be necessary to make China pay the strategic price of continuing to support North Korea’s regime over the long term.<sup>3</sup> Besides that, in testimony before the US House of Representatives, Anthony Ruggiero of the Foundation for Defense of Democracies recommended such policies as applying forceful pressure on China, conducting direct dialogue, reinforcing relations with allies, and applying new sanctions.<sup>4</sup>

**(2) The Chinese Approach**

China’s current basic policy toward the Korean Peninsula issue is what is termed the “three adherences,” namely, the following principles revealed by Xi Jinping in June 2013: “adhering to the denuclearization of the peninsula, adhering to the maintenance of peace and stability on the peninsula, and adhering to issue resolution through dialogue and negotiation.” Whereas Washington has treated denuclearization as the most important issue, Beijing has held the position that maintaining stability and dialogue are of equal significance.

Such principles highlight China’s complex position. On one hand, not only does China oppose North Korea’s possession of nuclear weapons while continuing to pursue nuclear and missile development, but it also resents North Korea’s repeated provocations. On the other hand, China does not want North Korea’s regime to collapse, as it fears that the United States wants to use the North Korean issue as a pretext to boost both the US-South Korean alliance and the trilateral cooperation among the United States, ROK and Japan, in an effort to surround and contain China.

In China, the opinion spread that the Obama administration’s “strategic patience” policy was aimed at exerting pressure on North Korea with the ultimate aim of the regime’s collapse. For example, Fu Ying, chairperson of the Chinese National People’s Congress (NPC) Foreign Committee, wrote that the essence of the “strategic patience” policy was to link denuclearization and recognition of the North Korean regime. According to her, as long as there was no progress on the nuclear issue, the United States would not engage in dialogue,

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exerting pressure on North Korea and ultimately aiming to cause its regime to collapse.<sup>5</sup> A similar understanding was quite broadly shared. Shen Dingchang of Peking University made the analysis that “strategic patience” was a policy of rejecting dialogue with North Korea, forcing it to compromise through imposing sanctions and applying pressure, and encouraging its collapse and regime change.<sup>6</sup> Wang Junsheng argued that the objective of Obama’s “strategic patience” policy was the collapse of North Korea, adding that in its preliminary stages, it was using that for its Asia-Pacific strategy by making the peninsular situation sufficiently tense.<sup>7</sup> Meanwhile, one scholar said that the United States and South Korea were aiming for North Korea’s collapse, which was not the intention of China. That person went on to say that pressure, including sanctions, should form part of a broader strategy, including positive incentives and dialogue, and that sanctions alone could not achieve denuclearization, and that sanctions aiming just to destabilize North Korea should not be implemented.<sup>8</sup>

Learning of such Chinese concerns, the US side has also come to declare that it would not demand regime change in North Korea as its official position. In April 2017, Secretary of State Rex Tillerson confirmed in an interview that China was concerned about the instability of the North Korean regime, declaring, “We seek neither [North Korean] regime change and the collapse of its current system nor the accelerated unification of the peninsula.”<sup>9</sup> In August, he amplified that statement by saying, “We do not seek regime change, the collapse of its current system, or the accelerated unification of the peninsula, nor do we need an excuse to send the military north of the 38-degree parallel.”<sup>10</sup> Chinese Foreign Minister Wang Yi welcomed that statement, calling upon the United States to implement the “four no’s,” and urging North Korea to respond to them accordingly.<sup>11</sup> Also, Chinese Ambassador to the UN Liu Jieyi has taken notice of the repeated declaration by the United States of the “four no’s,” adding that China wanted the United States to go through with them.<sup>12</sup>

### **(3) Trends in the China-North Korean Relationship**

As the issue of the Korean Peninsula depends on North Korea, it is difficult for Washington and Beijing to manage it. The US approach of applying pressure on China is predicated on Chinese influence on North Korea, while simultaneously, Chinese cooperation is an absolute prerequisite for economic sanctions to work effectively.

Owing to their historical experience of fighting together in the Korean War, the relationship between China and North Korea was often believed to be a special one, described as a “relation of lips and teeth” and “a friendship sealed in blood.”<sup>13</sup> The relation between the two countries became an official alliance in July 1961, with the signing of the China-North Korean Mutual Aid and Cooperation Friendship Treaty. But the relationship cooled down after the confrontation between China and the Soviet Union, and the Cultural Revolution. Subsequently, Deng Xiaoping’s adoption of a policy of independence, autonomy, and

non-alliance effectively ended the alliance. Still, China and North Korea have maintained a close relationship. According to Wang Junsheng, although China's alliance with North Korea ended in real terms, the collapse of a strategic balance on the Korean Peninsula after the Cold War has caused it to try to maintain the balance there through a special relationship with North Korea.<sup>14</sup>

However, with the establishment of the Kim Jong-un regime after the death of General Secretary Kim Jong-il, the political relationship between China and North Korea has only worsened. In 2013, the relationship between the two countries froze even more rapidly after North Korea conducted its third nuclear test, and on account of the execution in December of that year of Jang Song-thaek, who was seen as being on good terms with China. As shown in Table 3-1, cross-border visits by key leaders of the two countries, which had occurred frequently during the Kim Jong-il era, gradually became infrequent. In addition, in May 2017, North Korea's Korean Central News Agency criticized China by name for the very first time, underscoring the relationship's deterioration.

What about the two countries' economic relationship? While relations between the two Koreas have grown cooler since 2009, the economic relationship between China and North Korea deepened, though it started to decline since peaking out in 2014.<sup>15</sup> As seen in Figure 3-1 and 3-2, not only has the absolute amount of China-North Korean trade increased, but the Chinese proportion of North Korea's total trade (excluding trade with South Korea) now exceeds ninety percent. Even including the trade with South Korea, the Chinese percentage of North Korea's total trade approaches ninety percent.

Coal, mineral resources and clothing constitute North Korea's major export items to China. Coal, especially, is an important export item, accounting for some one-third of North Korea's exports. After North Korea's fifth nuclear test, UN Security Council Resolution 2321 of December 2016 restricted China's coal imports to 53 million dollars (1 million tons) by the end of the year; it became apparent after eight weeks, though, that Chinese traders had already imported over 2 million tons of coal.<sup>16</sup> Though China had been reluctant to agree to sanctions which extended to private goods, UN Security Council Resolution 2371 was passed on August 5, 2017, owing to North Korea's repeated provocations since the beginning of the year, and completely banned imports of coal, marine products, and the like.

Oil exports under the rubric of civil assistance are not counted in ordinary trade figures. North Korea is considered highly dependent on China for its petroleum, but the actual situation is not clear. A pipeline stretches between China and North Korea for the supply of crude oil, having a total length of 30.3 kilometers and a pipe diameter of 377 millimeters, and connecting Dandong, China, with Sinuiju, North Korea, across the Yalu River.<sup>17</sup> Construction of the pipeline started in 1973 as part of Chinese aid to North Korea, and operation began in December 1975. At its peak, the annual supply of crude oil over the pipeline surpassed 1



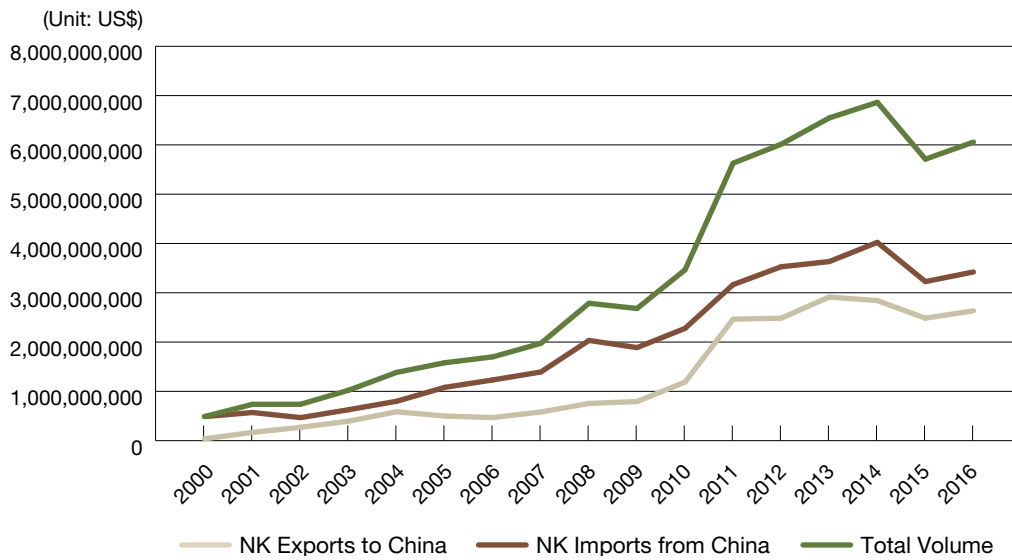
**Table 3-1: Cross-border Visits by Key Chinese and North Korean Leaders**

May 2000	General Secretary Kim Jong-il visits China.
Oct. 2000	Vice Chairman of Central Military Commission Chi Haotian visits North Korea.
Jan. 2001	General Secretary Kim Jong-il visits China.
Sept. 2001	President Jiang Zemin visits North Korea.
Oct. 2003	Chairman Wu Bangguo of the Standing Committee of the National People's Congress visits North Korea.
Apr. 2004	General Secretary Kim Jong-il visits China.
Sept. 2004	Politburo Standing Committee member Li Changchun visits North Korea.
Oct. 2004	President Kim Yong-nam of the Presidium of the Supreme People's Assembly of North Korea visits China.
Mar. 2005	Premier Pak Pong-ju visits China.
Oct. 2005	President Hu Jintao visits North Korea.
Jan. 2006	General Secretary Kim Jong-il visits China.
Apr. 2006	Vice Chairman Cao Gongchuan of the Central Military Commission visits North Korea.
Oct. 9, 2006	North Korea conducts 1st nuclear test.
June 2008	Vice-President Xi Jinping visits North Korea.
Aug. 2008	President Kim Yong-nam of the Presidium of the Supreme People's Assembly of North Korea visits China.
Mar. 2009	Premier Kim Yong-il visits China.
May 25, 2009	North Korea conducts 2nd nuclear test.
Oct. 2009	Premier Wen Jiabao visits North Korea.
Nov. 2009	Minister of National Defense Liang Guanglie visits North Korea.
Apr. 2010	President Kim Yong-nam of the Presidium of the Supreme People's Assembly of North Korea visits China.
May 2010	General Secretary Kim Jong-il visits China.
Aug. 2010	General Secretary Kim Jong-il visits China.
Oct. 2010	Politburo Standing Committee member Zhou Yongkang visits North Korea.
Oct. 2010	Vice Chairman Guo Boxiong of the Central Military Commission visits North Korea.
Oct. 2010	Premier Choe Yong-rim visits China.
May 2011	General Secretary Kim Jong-il visits China.
Sept. 2011	Premier Choe Yong-rim visits China.
Oct. 2011	Premier Wen Jiabao visits North Korea.
Aug. 2012	Vice Chairman Jang Song-thaek of the National Defence Commission of North Korea visits China.
Feb. 12, 2013	North Korea conducts 3rd nuclear test.
May 2013	Director Choe Ryong-hae of the General Political Bureau of the Korean People's Army visits China.
July 2013	Vice President Li Yuanchao visits North Korea.
Sept. 2015	Director Choe Ryong-hae of the General Political Bureau of the Korean People's Army visits China.
Oct. 9, 2015	Politburo Standing Committee member Liu Yunshan visits North Korea.
Jan. 6, 2016	North Korea conducts 4th nuclear test.
June 2016	Member Ri Su-yong of the General Political Bureau of the Korean People's Army visits China.

Sept. 9, 2016	North Korea conducts 5th nuclear test.
Sept. 3, 2017	North Korea conducts 6th nuclear test.

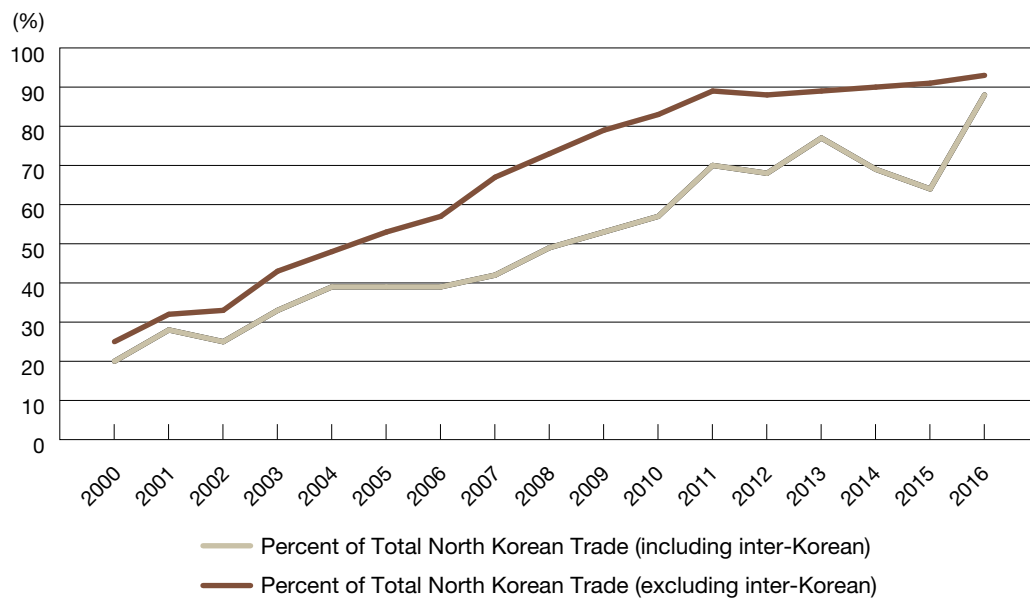
Sources: Compiled from 中国同朝鲜的关系 [China-North Korean Relations], Ministry of Foreign Affairs of the People's Republic of China and other news reports.

**Figure 3-1: Trends in Chinese-North Korean Trade**



Source: KOTRA (via *North Korea in the World*)

**Figure 3-2: China's Share of North Korean Trade**



Source: By KOTRA (via *North Korea in the World*)

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million tons. The pipeline needs to be properly heated owing to the deterioration of the equipment, as well as the fact that Daqing crude oil contains paraffin; moreover, since the pipe gets clogged when the oil supply stops, the flow can be only stopped for a limited duration. As the minimum volume of oil that can be transported safely each year is 525,000 tons, adjustments to the amount of flow are said to be difficult.<sup>18</sup>

In general, the relationship between China and North Korea can be said to be worsening, with political tensions, particularly, never having been so bad. As far as the economic relationship between the two countries is concerned, it has cooled since 2014, although North Korea still depends highly on China. However, the cooling of relations is not directly linked to any Chinese cooperation with the United States. Also, it is not clear how much the close economic relationship between the two countries has led to Chinese establishing influence over North Korea.

#### **(4) The THAAD Issue**

One major issue within China-US relations vis-à-vis the Korean Peninsula has been the deployment of the Terminal High Altitude Area Defense (THAAD) system. The playing out of that issue reflects China's complex position concerning the Korean Peninsula.

The United States and South Korea started considering the introduction of the THAAD system after North Korea's ballistic missile launch in February 2014. Despite various debates about it in South Korea thereafter, discussions about its introduction began in earnest after North Korea's fourth nuclear test in January 2016, with the announcement of its actual introduction made on July 8 of the same year. Regarding its introduction, the United States and South Korea announced that it was a defensive measure to ensure the security of South Korea and its citizens from the threat of North Korea's weapons of mass destruction and ballistic missiles, and to defend allied forces. It was also stressed that it was not intended for China, but that it was only directed toward the threat of nuclear weapons and missiles from North Korea, and not those of a third country.<sup>19</sup>

However, China has expressed strong opposition to the deployment of the THAAD system, and is applying pressure on South Korea. In November 2014, Qiu Guohong, China's ambassador to South Korea, announced his country's objection to the THAAD deployment. In addition, on February 4, 2015, Chinese Minister of National Defense Chang Wanquan, on

a visit to South Korea, declared his opposition. At the Shangri-La Dialogue defense summit held on May 31 of the same year, People's Liberation Army (PLA) Admiral Sun Jianguo, deputy chief of the joint staff, voiced his opposition to the plan verbally to the defense secretary of the Republic of Korea. China has officially opposed the deployment of the THAAD system into South Korea by the United States and South Korea, placing restrictions on the flow of tourists from China to South Korea and on entertainment activities by South Korean artists in China, as well as applying pressure on companies such as Lotte.

Why does China oppose the development of THAAD so much?

First, many Chinese experts claim that the deployment of the THAAD system in South Korea will affect China's nuclear deterrent. For example, Wu Riqiang has argued that the introduction of THAAD by the United States has strong implications for China, as there is almost no way for North Korea to manufacture ICBMs in the near future.<sup>20</sup> Despite the faster-than-expected development of North Korea's ballistic missile technology, Wu has emphasized that the radars of the THAAD system pose a serious threat to China's nuclear deterrent capability. According to him, the TPY-2 radars used in the THAAD system can reach up to 1,500 kilometers, and thus can detect Chinese ICBMs targeted at the United States, as well as SLBMs launched off the coast of China.<sup>21</sup> Wu's assertions are said to have dominated the tenor of the debate in China.

China has abdicated the first use of nuclear weapons as its official policy, and in that sense, its nuclear strategy depends on securing second-strike capability. The aforementioned arguments thus posit that the THAAD system impairs China's capability in that regard.

It is not clear, though, whether the THAAD system does indeed affect Chinese strategic deterrent. Currently, all the installed radars have been directed at North Korea, and not toward China. Also, given that it takes a considerable amount of time to change the radars' orientation, it is impossible for them to respond quickly to Chinese missiles. Furthermore, given the environment surrounding each radar site, it can be considered that they are not oriented toward China in the positions where they have been installed. The TPY-2 radar also has both a terminal mode to detect, acquire, track and discriminate ballistic missiles in the terminal (descent) phase of flight, and a forward-based mode for acquiring ballistic missiles in the boost (ascent) phase of flight, shortly after they are launched. It is believed that they can detect missiles at some 600 kilometers in the terminal mode and more than 2,000 kilometers in the forward-based mode.<sup>22</sup> The United States and South Korea have revealed that the THAAD system will be deployed only in the terminal mode, intercepting North Korean missiles targeting South Korea, and therefore are unlikely to be able to detect Chinese missiles launched toward the United States. It is said that it takes quite a while to switch the modes of the radar, including a change of software. One Chinese researcher has acknowledged that an interpretation of the political intentions has taken precedence as far as the THAAD issue is

concerned, without much of a technological debate having yet actually taken place.<sup>23</sup>

Secondly, China is wary about cooperation among Japan, the United States and the ROK in the domain of missile defense. According to Zhang Tuosheng, director of the China Foundation for International and Strategic Studies in Beijing, one Chinese concern about THAAD, besides its impact on China's second-strike capability, is that it would represent the first step in South Korea's joining a joint missile defense system with Japan and the United States, adding that China would also be concerned that a Japan-US-South Korea military alliance would be reinforced through THAAD's development.<sup>24</sup> Wang Junsheng has also argued that the trilateral military alliance between Japan, the United States, and the ROK would be strengthened, aiming at the creation of a miniature Asian version of NATO.<sup>25</sup>

Thirdly, there are many who point out that the fundamental issue is the lack of trust—especially that between China and the United States—thus complicating the issue. According to Chinese researchers, China does not accept the explanation by the United States that it will not use the THAAD system in the forward-based mode.<sup>26</sup> According to another researcher, although China-US cooperation is necessary for a fundamental solution of the THAAD issue, the main issue is the lack of trust between the two countries.<sup>27</sup>

An interesting point is that despite the opinions of many Chinese experts that the THAAD issue is ultimately one between China and the United States, the actual actions resorted to by China have taken the form of applying various types of pressure against South Korea. What can be seen here is that whenever an issue arises, China places intense pressure on neighboring nations in the region, attempting to solve the issues bilaterally, whereas whenever it criticizes the United States, it adopts a method of trying not to complicate the problem. Wang Junsheng argues that South Korea has the highest dependence on trade with China among the countries surrounding China, and that its action of benefiting from China economically while suppressing it with the help of the United States will set a bad precedent.<sup>28</sup>

What sort of solution, then, is China contemplating for this issue? Officially, it has not indicated any concrete proposals for it, and is continuing to pressure South Korea. On the contrary, some experts argue that South Korea is unlikely to withdraw from THAAD deployment, so China will be obliged to take necessary countermeasures. For example, Zhang Tuosheng has indicated three options: (1) South Korea stops THAAD development, and finally withdraws the missile defense system; (2) while continuing THAAD deployment at the current level, China takes necessary defensive countermeasures, keeping the conflict of interest at manageable levels; (3) the United States and South Korea ignore China's concerns, further strengthening the missile defense, and raise tensions with China. While the first option is preferable for China, it has also shown that it could accept the second option as the second-best choice.<sup>29</sup> Another scholar has said that China may be forced to take various countermeasures, including increasing the number of its nuclear warheads, reinforcing its

strategic submarines, and strengthening its early warning system.<sup>30</sup> Indeed, China did conduct a missile test in the Bohai Sea in July 2017; the missile used is believed to be the DF-26, a highly maneuverable anti-ship ballistic missile (ASBM). It seems to have been done so as a deterrent to the THAAD deployment.<sup>31</sup>

## 2. The South China Sea

### (1) China's Policy in the South China Sea

To date, China has never officially clarified exactly what rights it claims in the South China Sea. The most formal statement has been a document submitted to the UN in 2009, asserting that “China has indisputable sovereignty over the South China Sea islands and neighboring waters, as well as sovereign rights and jurisdiction in its associated waters and the sea floor,” providing a map attached with nine lines drawn on it somehow claiming the bulk of the South China Sea: the so-called “Nine-Dash Line.”<sup>32</sup> The line is supposed to have been based on a map first promulgated by the Republic of China (ROC) in 1947. However, the Nine-Dash Lines drawn on the 1947 and 2009 maps do not correspond with those in maps published in 2013 or later.<sup>33</sup> It is not certain, therefore, where the line has actually been drawn.

A further issue is that it is not clear what China is insisting upon by its Nine-Dash Line. It is obvious that China asserts sovereignty over the islands within the line, but the scope of the Nine-Dash Line exceeds both the territorial seas and the EEZ stemming therefrom. Although China asserts historical rights to the South China Sea, it does not clarify what those are either.

In modern times, this strategy has become accompanied by various strategic interests, the importance of which is rising, such as sea-floor and fishing resources, as well as its significance as a sea lane. In addition, the Maritime Silk Road of China's Belt and Road Initiative passes through the South China Sea.

Also, the location of the Yulin Naval Base in Sanya City on Hainan Island, facing the South China Sea, is of military significance. The base houses two Jin-class nuclear submarines (094 type), which are strategic nuclear submarines being operated by China for the first time. It is believed that twelve JL-2 missiles will be loaded per vessel. However, many uncertainties exist as to how China operates the submarines. Because the estimated range of the JL-2 is around 7,200 kilometers, it would only reach the vicinity of Alaska from the Yulin base, and would thus not serve as an effective deterrent against the United States. In order to launch the missiles toward the US East Coast, China would have to advance them into the Pacific Ocean, but the Jin-class submarine is rather noisy and would be difficult to move there without the United States and other countries excelling in antisubmarine warfare becoming aware of it. For that reason, China is currently developing a modified new version of

submarine called the 094A, which is to be equipped with long-range submarine-launched ballistic missiles (SLBMs).

Furthermore, to ensure the survivability of the submarines, China has an incentive to secure military superiority in the maritime area of the South China Sea. To that end, it is working to strengthen its anti-submarine warfare capabilities, deploying Y-8Q (GX6) anti-submarine marine patrol aircraft (MPA) recently in the South China Sea.<sup>34</sup> In addition, China's state-owned media organization, China Central Television (CCTV), has reported that a sea-floor observation system is being constructed at the cost of 200 million yuan.<sup>35</sup>

Although China does have fundamental interests in the South China Sea, as described above, the decision of how to pursue them is a political issue. Starting in the latter 2000s, China has shifted to a more aggressive, heavy-handed approach in pursuit of its goals in the South China Sea. Lying behind that are two perceptions held by the Chinese leadership.

First, China maintains a victim mentality and a sense of distrust. In the South China Sea, despite its moderate policy of avoiding conflicts with Southeast Asian nations through "conflict shelving and cooperative development," China has the idea that its neighbors have taken advantage of that policy to strengthen their own claims. In April 2014, during a lecture delivered at the Party School of the Central Committee of the Communist Party of China (CCP) in Beijing (the Central Party School), Liu Cigui, then the director of the Chinese State Oceanic Administration, said, "We face harsh circumstances protecting marine interests in our neighborhood. In general, our marine resources are being deprived from us, our marine waters are being divided, our islands are being occupied, our strategic sea lanes are being threatened, and collisions in the surrounding areas are frequently occurring."<sup>36</sup> Meanwhile, an article printed in the official publication of the State Oceanic Administration stated, "Other countries are pursuing the development of certain sea areas, infringing upon our territorial sovereignty. Though China has consistently upheld the principle of 'conflict shelving and cooperative development,' our neighbors do not have the slightest interest in it, and are scrambling over each other trying to take advantage of us."<sup>37</sup> The victim mentality of a "passive

China" is broadly held by quite a few people in that country.

Also, China's distrust of the United States is deeply rooted. Since 2010, the United States began to restrain China's actions in the South China Sea, and launched its "rebalance" policy toward Asia in 2012. China believes that the re-balancing of the United States toward Asia is a strategy to restrain and contain

China, and has made the criticism that the conflict in the South China Sea has intensified owing to the United States “seduction” of the countries of Southeast Asia.

Secondly, China has gained greater self-confidence. In line with its increased power, China has felt itself able to seek more than before. Although China tends to blame the US rebalance for the intensification of conflicts in the South China Sea, the actual conflict began before the United States ever launched that policy. Since 2007 or so, China has tightened pressure against foreign companies, such as BP and Exxon Mobil, that are trying to drill for petroleum in Vietnam and the South China Sea.<sup>38</sup> As analyzed in Chapter 1, China has hammered out the concept of “core interests,” and has asked the United States to respect them as well. The scope of core interests, originally restricted to Taiwan, Tibet, and Xinjiang, was expanded to include the South China Sea between 2009 and 2010.

Next, what means has China employed to pursue its goals? Table 3-2 summarizes the main actions taken by China so far in the South China Sea. The country does not use force

**Table 3-2: Major Actions Taken by China in the South China Sea**

Type	Date	Action	Notes
Interference in other countries' activities	2009	USNS <i>Impeccable</i> Incident	Harassment of the US vessel by maritime militia.
	May 2011	Cutting of cables belonging to Vietnamese research vessel	
Territorial occupation	2012	Occupation of Scarborough Shoal	Conflict with the Philippines, prevention of entry into shoal by Filipino fishing vessels.
Sea-floor resource exploitation	May 2014	Exploitation of resources off Paracel Islands	Conflict with Vietnam.
	July 2017	Putting pressure on Vietnamese attempt to start drilling	
Island-building land reclamation	Starting 2013	Reclamation in the Spratly Islands	Reclamation activities and construction of facilities in seven shoals.
	Starting 2012	Reclamation in the Paracel Islands	Deployment of sea-to-air missiles, etc. on Woody Island.
Establishment of administrative authority	June 2012	Establishment of Sansha City (Hainan Province)	Establishment of military/police/civil cooperation center in Sansha City.
Other forms of pressure	2012	Restrictions on banana imports from the Philippines	

Sources: Compiled by author based on various news reports.



to militarily occupy islands. While its room for action continues to expand, China can be said to be carefully taking pains not to end up in any situation that would trigger military conflict with the United States.

## **(2) US Policy toward the South China Sea**

Although the United States does not stake any territorial claims in the South China Sea, it views the goals of maintaining its stability and freedom of navigation as important from the strategic viewpoint of maintaining international order. The principle position of the United States toward the South China Sea can be summarized as follows.<sup>39</sup>

First, the United States does not take any stand concerning conflicts over territorial rights. In principle, the United States does not take any position taking sides in competing claims of sovereignty in multilateral territorial disputes.

Second, as the United States emphasizes peace and stability, however, it opposes conflict resolution through force. In February 2014, in testimony before the US House of Representatives, US Assistant Secretary of State Daniel R. Russell expressed adamant opposition to territorial claims made through “threats, compulsion, and military force,” including forceful means besides the use of military force.<sup>40</sup>

Third, the United States supports the rule of law in the oceans. At the ARF Ministerial Meeting in July 2010, then-US Secretary of State Hillary Rodham Clinton said, “We believe claimants should pursue their territorial claims and accompanying rights to maritime space in accordance with the UN Convention on the Law of the Sea. Consistent with customary international law, legitimate claims to maritime space in the South China Sea should be derived solely from legitimate claims to land features.”<sup>41</sup> That assertion constrained China’s Nine-Dash Line claim. Assistant Secretary of State Russell’s testimony in February 2014 went even further, referring to “China’s lack of clarity regarding its South China Sea claims,” adding that “under international law, maritime claims in the South China Sea must be derived from land features,”<sup>42</sup> thereby denying the validity of the Nine-Dash Line. In October 2017, Secretary of State Tillerson voiced the criticism that “China’s provocative actions in the South China Sea” directly challenged “international law and norms.”<sup>43</sup>

Fourth, in relation to that, the United States respects the freedom of navigation, putting emphasis on observing the principle of the freedom of navigation and respecting free access to the maritime commons of Asia.

Fifth, the United States supports the development of a code of conduct for ASEAN and China. The two parties had agreed to the Declaration on the Conduct of Parties in the South China Sea in 2002, but that was nothing more than a non-binding agreement in legal terms. The United States supports the creation of a code of conduct that “would promote a rules-based framework for managing and regulating the behavior of the relevant

countries in the South China Sea,” with crisis-management mechanisms created such as “hotlines and emergency procedures for preventing incidents in sensitive areas.”<sup>44</sup>

How, then, has the United States tried to realize those principles? Most importantly, as stated in Chapter 2, the United States is rebalancing toward Asia, among which it has re-inforced its relations with the Philippines and Vietnam.

Another action taken by the United States has been to use its military to enforce the freedom of navigation. It has been supporting the freedom of navigation in such a way ever since 1979, opposing excessive maritime claims made by any nation—and not just toward Chinese claims in the South China Sea—as well as showing that such claims are unacceptable. Nonetheless, it is a valuable tool in the sense that it demonstrates the US posture of not

**Table 3-3: US Freedom of Navigation Operations in South China Sea**

Date	US vessel and targeted sea area	Excessive maritime claims	Nature of operation
October 27, 2015	USS <i>Lassen</i> (DDG-82): Navigation within 12 nautical miles of Subi Reef, etc.	Insistence on advance notice of passage through territorial waters	Innocent-passage navigation
January 30, 2016	USS <i>Curtis Wilbur</i> (DDG-54): Navigation within 12 nautical miles of Triton Island	Insistence on advance notice of passage through territorial waters	Innocent-passage navigation
May 10, 2016	USS <i>William P. Lawrence</i> (DDG-110): Navigation within 12 nautical miles of Fiery Cross Reef	Insistence on advance notice of passage through territorial waters	Innocent-passage navigation
October 21, 2016	USS <i>Decatur</i> (DDG-73): Navigation in vicinity of Triton Island and Woody Island	Insistence on straight base line	Open-sea navigation
May 25, 2017	USS <i>Dewey</i> (DDG-105): Navigation within 12 nautical miles of Mischief Reef	Insistence on territorial sea	Open-sea navigation
July 2, 2017	USS <i>Stethem</i> (DDG-63): Navigation within 12 nautical miles of Triton Island	Insistence on advance notice of passage through territorial waters	Innocent-passage navigation
August 10, 2017	USS <i>John S. McCain</i> (DDG-56): Navigation within 12 nautical miles of Mischief Reef	Insistence on territorial sea	Open-sea navigation
October 10, 2017	USS <i>Chafee</i> (DDG-90): Navigation in vicinity of Paracel Islands	Insistence on straight base line	Open-sea navigation

Sources: Compiled by author based on Eleanor Freund, “Freedom of Navigation in the South China Sea: A Practical Guide,” Asia Maritime Transparency Initiative, Aug. 10, 2017, and other sources.

acknowledging China's excessive claims.

### **(3) Movements Since the 2016 Arbitration Award by the International Arbitration Court**

On July 12, 2016, the International Arbitration Court in The Hague, Netherlands, made a final arbitration award in favor of nearly all the claims filed by the Philippines in 2013 concerning Chinese claims and actions in the South China Sea. The award, which exceeded most expectations, rendered the judgment that China's claims of historical rights in the South China Sea contradicted the UN Convention on the Law of the Sea.<sup>45</sup> Additionally, although people had expected that the judgment would focus on whether the seven features in the Spratly Islands were islands, rocks or low-tide elevations, the arbitration award went even further than that, proclaiming that the Spratly Islands had no recognizable topography as islands, nor were maritime zones generated with several nearby islands. In other words, the Spratly Islands are composed of both rocks and low-tide elevations, so when viewed against the UN Convention on the Law of the Sea, only territorial water rights are generated by the rocks, and no claims to an EEZ could be supported.

After the arbitration award was made, Xi Jinping and other Chinese leaders spoke up on the issue, and many statements were released in rapid succession, including one by Foreign Minister Wang Yi, the Statement of the Government of the People's Republic of China on China's Territorial Sovereignty and Maritime Rights and Interests in the South China Sea, the Statement of the Ministry of Foreign Affairs of the People's Republic of China on the Award of 12 July 2016 of the Arbitral Tribunal in the South China Sea Arbitration Established at the Request of the Republic of the Philippines, and the NPC Foreign Affairs Committee statement "China Adheres to the Position of Settling Through Negotiation the Relevant Disputes Between China and the Philippines in the South China Sea."<sup>46</sup>

China's statements and remarks on the arbitration award can be classified in three ways, as shown below.

First, China did not accept the arbitration award, denying its legitimacy. The country has taken the position that the International Arbitration Tribunal has no authority to make arbitration awards regarding territorial rights, and hence rejects the award as invalid.

Second, China described the arbitration award as "a political farce dressed up in legal clothing," saying it was backed by a conspiracy by the United States, Japan and others who were trying to stack the cards against China. For example, State Councilor Yang Jiechi said that "there is a conspiracy behind the arbitration award, with some countries outside the region trying to use 'arbitration awards' to deny sovereignty and [legitimate] interests in China's South China Sea," adding that "eventually they want to band together to isolate

China from the international community and drag its name through the mud.” In an editorial column signed with the pen name “Guo Jiping” (used for outlining the country’s stance on major international issues), the *People’s Daily* was even more direct in blaming US intervention in the South China Sea as the force behind the Philippines’ moves, saying that the United States was: (1) positioning China as a force upsetting the status quo, (2) promoting the militarization of the South China Sea using the freedom of navigation as a pretext, (3) advancing the internationalization of the South China Sea issue by banding together with others. It concluded that the arbitration award was just an extension of those moves.<sup>47</sup>

Third, China insisted on the legitimacy of its rights in the South China Sea, releasing a white paper emphasizing the legitimacy of its position on the territorial dispute with the Philippines. More importantly, although it used to adopt tactics obscuring its own assertion of claims in the South China Sea, the statements and domestic editorials released this time made those assertions clearer than ever before.

For example, the Statement of the Government of the People’s Republic of China on China’s Territorial Sovereignty and Maritime Rights and Interests in the South China Sea states: (1) China has sovereignty over the South China Sea islands, namely the Dongsha (Pratas), Xisha (Paracel), Zhongsha (Macclesfield Bank) and Nansha (Spratly) islands; (2) China’s South China Sea islands are internal waters, territorial waters, and a contiguous zone; (3) China’s South China Sea islands have an EEZ and a continental shelf; (4) China has historical rights in the South China Sea.<sup>48</sup>

Even more interesting is an article written by the Central Party School’s Research Center on the System of Theories of Socialism with Chinese Characteristics as published in *China Military*. The paper defined the assertion of rights by China’s Nine-Dash Line more clearly than had been done before, declaring those rights to include: (1) a claim to sovereignty over all the islands, reefs, and shoals within the line; (2) historical ownership of the waters lying at a close distance between the groups of islands and archipelagos, which can be regarded as one unit; those constitute Chinese internal territorial waters, the outer perimeter of which represents the territorial baseline, within which China can assert all forms of territorial jurisdiction, including territorial waters, an EEZ and the continental shelf; (3) in cases where those territorial waters overlap with the EEZs of other countries and/or the archipelagic waters of archipelagic states, China can claim historical and traditional fishing rights.<sup>49</sup> At least, China has started to develop arguments seeking to make its own assertions in a manner compliant with international law.<sup>50</sup>

On the other hand, however, China is aware that it is possible to block the implementation of the arbitration award and invalidate it, and has implemented various measures toward that end, namely: (1) requesting bilateral negotiations with the Philippines, (2) avoiding a situation where the ASEAN and the European Union (EU) unite in condemning China,

(3) issuing warnings against any acts or implementations based on the arbitration award, such as through the conduct of military exercises.

First, China is demanding bilateral negotiations with the Philippines. In his statement about the arbitration award, Chinese Foreign Minister Wang Yi called for a dialogue on the South China Sea issue, mentioning that the Rodrigo Duterte administration of the Philippines was positive toward the idea. At a press conference, Vice Foreign Minister Liu Zhenmin said that the arbitration award, “if shelved, would be over,” urging that no mention be made of it. Furthermore, while also calling for dialogue with the Philippines, Liu also made the veiled threat that “if the Philippines does not want to return to the negotiation table, the relationship between China and the Philippines would naturally be affected, making it harder to change the status quo.”<sup>51</sup> In October 2016, Duterte did visit China, where he announced a strategic “separation” from the United States.

Second, China has tried, via diplomatic offensive, to elude a situation in which ASEAN members could unite in criticism against it. The country has emphasized the so-called “double-track approach,” saying that “the South China Sea conflict is a matter between China and individual ASEAN countries, and not between China and ASEAN as whole,” and then going on to launch diplomatic offensives to divide that organization. Frequent talks were held this time between Cambodian and Laotian leaders and government officials, on the one hand, and Chinese leaders, on the other. The ASEAN Foreign Ministers’ Meeting was unable to mention the arbitration tribunal in a joint statement, as Cambodia, after those talks, opposed taking up the South China Sea issue in ASEAN.

Third, China is trying to put pressure on the United States, the Philippines, and others, warning them not to try to enforce the arbitration award through the demonstration of military might, such as by carrying out military exercises. Vice Foreign Minister Liu Zhenmin said that since the arbitration award was invalid to start with, such an enforcement would be illegal, and that “the Chinese government would be able to use the necessary means to stop it.” In addition to those remarks, China carried out large-scale maritime exercises in the

Southern Theater Command just before the arbitration award was announced. It explained that the exercises were unrelated to the arbitration trial, saying they were instead being conducted as an annual event. Nonetheless, they can be still interpreted as a heavy-handed display considering that the joint exercises carried out by all three PLA fleets involved large-scale, live-fire training.

Furthermore, the exercises restarted on July 19, after the arbitration award was made. During the joint exercises, General Fan Changlong, vice chairman of the Chinese Central Military Commission, visited the Southern Theater Command, where he emphasized the need for China to boost its military response capabilities and prepare procedures against sudden, unexpected situations at sea.<sup>52</sup>

China is continuing to build facilities on the Paracel Islands and the Spratly Islands.

### 3. The Taiwan Issue

The problem of Taiwan has always constituted a core issue within China-US relations.<sup>53</sup> Even today, the Taiwan issue is a prominent one that is capable of triggering conflict between the two countries. Meanwhile, however, and precisely because it is so important, the United States and China have devised ways to handle it in a stable fashion so far.

For China, the Taiwan issue is a matter of the legitimacy of its own government while constituting a core issue within its relations with the United States, as well as being a matter of nationhood. China's current policy on Taiwan is governed by the "One China" principle, indicating the position that "there is only one China in the world, with Taiwan part of China, and the People's Republic of China (PRC) the only legitimate government representing all China."<sup>54</sup> China has consistently set out its goal of ultimate unification with Taiwan.

While recognizing the PRC as the sole legitimate government representing China, the United States has simultaneously maintained its commitments to the Republic of China (Taiwan). That is to say, while recognizing the PRC as the sole legitimate government representing China through the Shanghai Communiqué of 1972, the normalization of diplomatic relations in 1979, and the communiqué of 1982, it has also maintained its commitment to Taiwan through the 1979 Taiwan Relations Act and the "six guarantees" of 1982. The United States has revealed its opposition to any solution of the Taiwan issue not based on peaceful means, and has prescribed the provision of weapons of a defensive nature to Taiwan.

In the 1990s, the nature of the Taiwan issue changed owing to domestic changes within that country. Specifically, as the democratization of Taiwan progressed, independence-oriented forces began to gain support that did not fit nicely within the framework of China's One China principle. To squelch that movement, Chinese President Jiang Zemin put pressure on Taiwan by carrying out massive military exercises and conducting missile launch tests in the Taiwan Strait in 1995 and 1996.

The subsequent leader of China, Hu Jintao, adopted a "hard-soft" approach toward Taiwan, combining both hardline and flexible postures.<sup>55</sup> To wit, China modified its modus operandi used previously of aspiring for unification with Taiwan at a single swoop, instead employing a two-stage approach involving first deterring Taiwan's separatist and

independence movements through hardline measures, and then, with the first stage established as a premise, encouraging flexible dialogue and exchanges with Taiwan.

To the United States, China argued that Taiwanese President Chen Shui-bian was a “troublemaker” conniving to “change the status quo,” hoping to have both the United States and China repress him jointly. The United States became increasingly wary of Chen once he declared his “One Country on Each Side” policy, and shortly thereafter began to repress his activities. In that way, the United States and China cooperated to suppress any Taiwanese attempt to change the status quo.

From China’s perspective, the inauguration of the Ma Ying-jeou administration of the Kuomintang (KMT) in March 2008 meant that its efforts to frustrate Chen Shui-bian’s attempt to gain Taiwan’s independence had succeeded. Hu Jintao welcomed Ma’s shift toward China, and initiated the idea that the “peaceful development of cross-strait relations” was predicated on the stabilization of cross-strait relations.

Taiwan’s dependence on China deepened with the ongoing progress of Chinese economic development. The expectation was that such economic incentives would keep Taiwan from sliding toward independence, and instead would lead it toward unification with China. Also, the military balance across the Taiwan Strait gradually began to tip in China’s favor due to the increased modernization of Chinese military power.

Arguably, Hu Jintao’s Taiwan policy was quite successful in deterring Taiwanese independence and stabilizing cross-strait relations in a way favoring China. However, China found it almost impossible to promote any political dialogue for unification beyond that point. Although China and Taiwan did share the common perception of the need for cross-strait stability and peace, for China, the maintenance of the status quo was merely a minimum benchmark that, by necessity, would eventually lead toward unification.<sup>56</sup>

The Xi Jinping government confronted the limits to the policy of the peaceful development of cross-strait relations. Above all, the problem was the dilemma that the greater the number of exchanges between the two sides, the deeper Taiwanese self-awareness became, obscuring the path to unification. The formation of the Tsai Ing-wen administration in May 2016 can be seen as an expression of such limits.

As seen previously in Chapter 1, attention was once again drawn to the Taiwan issue when US President Donald Trump, around the time his administration was inaugurated, acted upon the issue in ways divergent from those of the past. Although China was relatively restrained in its reaction, it urged the United States to observe its traditional policies. In response, President Trump said that his administration would “honor our One China policy.” After that, on June 29, 2017, the United States notified Congress for the first time since the Trump administration began that it would sell weapons to Taiwan. The total amounted to some 1.4 billion dollars, including parts for AGM-88 high-speed anti-radiation missiles

(HARM) and the SM-2 shipborne interceptor missiles. However, because of the relatively small scale of the weapon sales, China's reaction was muted.

China seems to be applying further pressure on Taiwan, while preventing the issue from protruding into US relations. In June 2017, Panama severed its diplomatic relations with Taiwan and established them with China for the first time. China also put pressure on Taiwan in such ways as stopping its participation in several international organizations—previously permitted under the Ma Ying-jeou administration (2008-16)—including preventing the general assemblies of the World Health Organization and International Civil Aviation Organization from inviting Taiwan.

#### 4. The Structure of China-US relations in the East Asian Region

By comparing and examining the several issues facing China-US relations in the region, the basic structure of that relationship becomes more evident.

Let us first look at the fundamental interests of both countries that are affected by each of the issues. For China, it is important to have the Korean Peninsula issue solved in a stable, peaceful fashion and to have denuclearization implemented there. While the latter development is certainly important, China does not seek the collapse of North Korea or the strengthening of the US-South Korean alliance thereby. For the United States, meanwhile, the denuclearization of the Korean Peninsula is the most vital issue there, as this involves the security of Japan and South Korea, its allies. As for the South China Sea issue, its importance for China has risen markedly in recent years; although its claims are not clearly defined, China positions the area as lost territory to be recovered. For the United States, the issues of maintaining freedom of navigation and the legal order of the seas are of utmost importance; also, its alliance with the Philippines is on the line. Lastly, the Taiwan issue has consistently been China's paramount concern ever since the country's founding, as it regards Taiwan as a territory requiring unification in the future, in line with the One China principle. For the United States, on the other hand, the Taiwan issue is one of maintaining peace and stability and honoring its commitments based on the Taiwan Relations Act and others, though all in line with the One China policy.

Let us next compare the relative stability of the respective issues. In the case of the Korean Peninsula, an uncontrollable crisis could emerge there, depending on how North Korea acts. The South China Sea issue, meanwhile, involves many countries, and has swiftly become a focus of China-US relations in recent years. As no mechanism exists yet for it to be handled in a stable fashion, the issue suffers from high instability. With the Taiwan issue, on the other hand, although it potentially could set off the biggest conflict between the United



**Table 3-4: Comparison of Issues in the Region**

Issue	Structure of interests	Stability
Korean Peninsula	The United States stresses denuclearization. China stresses stability and a peaceful solution along with denuclearization.	Low stability on account of the inability to control North Korea's actions.
South China Sea	The United States emphasizes the freedom of navigation and maritime legal order, as well as its alliance with the Philippines. China stresses rights in "the Nine-Dash Line," with its strategic importance increasing.	No mechanism exists to handle the issue in a stable fashion.
Taiwan	The United States abides by its One China policy, while maintaining its commitments to Taiwan and supporting peace and stability. China views Taiwan as a territory inevitably to be unified one day in accordance with the One China principle.	High stability, thanks to the establishment of behavioral patterns to handle the issue in a stable manner.

Sources: Compiled by author based on the analyses in the chapter.

States and China due to its high importance for the latter, the two countries have established behavioral modes to handle it in a stable way, rendering the issue quite stable.

In addition, analyses of those regional issues reveal the following common point: China tends to avoid problematizing issues with the United States to a reasonable extent, while instead favoring the approach of applying pressure on the relevant parties within the region. Namely, with the Korean Peninsula issue, it has pressured South Korea over the THAAD problem, while applying direct pressure on the Philippines for the South China Sea issue, and on Taiwan for the Taiwan issue. China appears to favor such an approach because it does not want to confront the United States directly, as well as because it thinks that pressurizing the smaller regional countries can be more effective, as it feels it can thus drive a wedge between them and the United States.

Finally, to what extent does China view deals to be possible between the issues, as discussed in Chapter 1? While it is difficult to find any direct discussion of such a matter China, several hints can be gleaned by comparing the regional issues. As a premise, it is not easy for such large-scale deals to be made by the United States and China in the first place, since mutual distrust is so deeply rooted between the two countries, though they strive for the stable treatment of each issue. Next, as far as the Taiwan issue is concerned, given that the settlement of the issue as arranged in the 1970s and 1980s remains in effect, changing it would not be easy. As for the Korean Peninsula issue, then, the leeway for cooperation between the two countries to make deals on the other issues is a big problem, relatively speaking. For example, it is questionable whether China would ask for the United States to

cooperate in the South China Sea in return for Chinese cooperation on Korea.

As stated earlier, this chapter has analyzed how the China-US relationship plays out in the East Asian region. The issues of the Korean Peninsula, the South China Sea, and Taiwan are all critical to East Asia, and constitute major issues within China-US relations. While the relationship between the two countries affects those issues importantly, the way in which East Asian issues develops tends to define it simultaneously as well.

(Author: Shinji Yamaguchi)

Preface

Summary

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## China-US Cyber Relations

In recent years, cyberspace-related issues have become a serious concern in China-US relations. With the advent of the era of the Internet of Things—the interconnection of many different objects around the world via the Internet—a wide variety of cyberattacks are taking place on a daily basis. At the same time, society is becoming increasingly vulnerable to cyberattacks. Such cyberspace challenges are an impediment to the maintenance of stable relations between China and the United States.

Among the various issues in this context, one has particularly concerned the United States: Chinese government-sponsored industrial espionage against US businesses. This concern has been voiced, for example, in a March 2013 address by then-National Security Adviser Thomas Donilon, who noted that cyber intrusions from China resulted in theft of not only sensitive information pertaining to national security, but also the confidential information and intellectual property of businesses.<sup>1</sup> The United States became apprehensive about the potential for US businesses to lose their lead or competitive edge if the Chinese government and the People's Liberation Army (PLA) were to share the information gathered from industrial cyberspying with Chinese corporations.

Meanwhile, China has been wary about US theft of its state and military secrets, and about criticism of the Communist government spread through cyberspace from sources in the United States. The Chinese government has frequently referred to China as the biggest victim of hacker attacks,<sup>2</sup> directing its suspicions mainly toward the United States. This mistrust was heightened by the Snowden leaks of 2013, which revealed that Chinese telecoms and institutions of higher education were among the targets of the US National Security Agency's global spying operations.<sup>3</sup> The repercussions of this included economic impacts, with critics in China calling for the partial exclusion of US Internet firms from the domestic market.<sup>4</sup>

These doubts and sense of crisis on both sides formed the backdrop to the June 2013 summit between presidents Obama and Xi Jinping, where the two leaders agreed to accelerate investigations of cyberattacks against businesses and the development of cyberspace rules. Following the summit, the two countries set up a cybersecurity working group that held its first meeting in conjunction with the US-China Strategic and Economic Dialogue.

Subsequent events, however, exposed the difficulty of smoothing out China-US relations vis-à-vis cybersecurity issues. In May 2014, the US government, increasingly dissatisfied with persistent cyberattacks, released the names and photos of five PLA members suspected of involvement in the theft of trade secrets from US companies, and announced that they would be charged with crimes in absentia. In response, China declared that it would indefinitely suspend further meetings of the working group.

Nevertheless, Beijing and Washington remained in agreement to seek to avoid

confrontation. Behind-the-scenes efforts to work out a solution paved the way for a cybersecurity agreement at the September 2015 China-US summit, which included two key pledges: (1) neither government would conduct or knowingly support cyber-enabled theft of intellectual property and (2) both governments would establish a high-level joint dialogue mechanism on fighting cybercrime.<sup>5</sup> Some analysts have credited the agreement for subsequent successes such as the hosting of a series of high-level cybercrime dialogues and a decline in cyberattacks against US firms.<sup>6</sup> However, doubts about China's commitment to the agreement remain entrenched in the United States, with skeptics pointing to the continuation of China-based hacking attacks against US pharmaceutical companies and other businesses. Further instances of industrial espionage by Chinese human agents can also be expected to continue.<sup>7</sup> In either case, it bears watching how this agreement will be further implemented on the road ahead.

Not all cyberspace challenges were addressed by the agreement.<sup>8</sup> First, China and the United States have yet to reach a consensus on military cyber operations, nor have they established a stable relationship of deterrence in this area. Both countries have taken steps to improve their respective cyber warfare capabilities, as seen in the late 2015 formation of the Strategic Support Force in the PLA to oversee cyber, electromagnetic spectrum, and space operations, and in the August 2017 announcement of the planned elevation of the US Cyber Command into a unified combatant command (UCC).<sup>9</sup> Furthermore, consensus has not been achieved on the criteria for what constitutes a military cyber attack, nor on the question of what targets are taboo for such attacks.

Second, both countries diverge widely in their perceptions of how national sovereignty and governance should take shape in the cyber world. On one hand, the United States is calling for minimal government intervention in cyberspace, so as to support principles such as freedom of expression and private sector-led innovation, while on the other, China espouses "cyber sovereignty" and thus is seeking to strengthen government control of information through development of laws concerning cyberspace. This gap is also seen in the debate over international governance of cyberspace. The United States, working mainly with allies such as Japan and NATO members, backed the drafting of *Tallinn Manual 2.0*, a book that examines the applicability of international law to cyber operations, while China has pursued discussion on cyberspace governance with countries such as Russia and other members of the Shanghai

Cooperation Organisation. As such, there is currently little sign of efforts being made to bridge the divide in their thinking. How the United States and China go about building stable relations vis-à-vis these and other cyber issues will remain a focus of global attention in the years ahead.

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# NIDS China Security Report 2018

The China-US Relationship at a Crossroads

## Conclusions

(Shinji Yamaguchi)



## Conclusions

This report has clarified the following points. First, until the early 2000s China perceived that it was inferior to the United States, positioning itself as a “developing power” and emphasizing stability in its relationship with the United States. As China’s economic growth and the global financial crisis of 2008 brought changes in the relative balance of power, however, China became steadily more assertive, including in its diplomacy, which led to more serious confrontation between China and its neighbors. China’s argument for a new type of great power relations originally called for “mutual respect” of core interests, a concept which focused on gaining concessions from the United States on the matters that China considers its core interests. As a result of confrontations with its neighbors, however, China’s relations with the United States also gradually worsened and concerns rose about potential conflicts with the United States, which in turn increasingly forced China to call for “non-conflict, non-competition” and institutionalization of the bilateral relationship. On the other hand, however, China showed through such actions as its land reclamation operations in the South China Sea that its attitude towards neighboring countries has not changed significantly, and thus the direction of conflict has not yet changed. It can be said that China is simultaneously pursuing the two directions of stabilizing its relationship with the United States and strengthening self-assertion in the region.

Second, following the Cold War, the United States adopted a policy of engagement toward China, both to keep itself from excessively viewing China’s emergence as a threat and to prevent China from becoming a threat to security. In the Bush administration, the basis of policy toward China was the concept of “shape and hedge,” which dealt with China as a member of the international system and sought its responsible behavior within that system. This was not simply a policy of cooperation with China; instead, the United States recognized that there were policy issues which called for cooperation and sought China’s responsible behavior in dealing with such issues which would be consistent with the US national interests. The Obama administration carried forward the Bush administration’s position and adopted an approach represented by the term “strategic reassurance,” which maintained that if the United States guaranteed China’s status as a major power, China would play a responsible role toward global stability in cooperation with the United States. However, following the subsequent hardening of China’s foreign policy, the competitive aspect came to be emphasized in the development of the US-China relationship, and the Obama administration took “rebalancing toward Asia” as its policy. The integration of China into the international system which should have been the goal of the Obama administration in the end produced only limited results.

Third, looking at the development of the US-China relationship in the region, while efforts are being made to keep that relationship stable, observers can also note that distrust is mounting on each side. On the Korean Peninsula, for example, stability, peaceful resolution of conflict, and denuclearization are all important to China. Therefore, while denuclearization is important, China does not want to see a collapse of the North Korean regime nor a strengthening of the US-South Korea alliance. On the US side, denuclearization of the Korean Peninsula is the most important topic, along with concern about the security of US allies Japan and South Korea. An uncontrollable crisis could emerge on the Korean Peninsula, depending on how North Korea acts. Turning to the South China Sea, whose importance to China has increased greatly, China sees itself as recovering its lost territory in that region, although its claims have not been clearly defined. For the United States, it is important to preserve the freedom of navigation and the maritime legal order, and the US alliance with the Philippines also comes into play. The South China Sea issue is a problem that involves many different countries and in recent years has increasingly garnered attention in US-China relations, but there is no mechanism to stably handle the problem. The problem displays only a low level of stability. The Taiwan problem has consistently been the most important issue for China since the founding of the People's Republic, and if the One China principle is to be followed, Taiwan must someday be reunited with the Chinese mainland. For the United States, which follows the One China policy, it is a problem of maintaining peace and stability and respecting its commitments based on the Taiwan Relations Act. Because Taiwan is an extremely important problem to China, the issue also is likely to elicit the greatest conflict. Nevertheless, since the United States has established patterns of action aimed at bringing stability to its handling of the Taiwan issue, we could say that this problem is a highly stable issue.

The US-China relationship is marked by an asymmetry of power and perception. The rise of economic power in China is impressive, and its military power has also grown remarkably. It cannot be said, however, that the United States and China are in a relationship as equals in power. This fact makes it important to look at how the two countries position their bilateral relations politically and how they define that relationship.

However, the United States and China have not shared any common perception of their political positioning. China is cautious about US intentions and has confidence in its own power, thus tending to be relatively optimistic about US-China relations. On the other hand, pessimistic views are spreading in the United States about shaping China and integrating it in the international community, so that views turning a cautionary eye toward China are increasing. Such gaps in perception and lack of trust are fundamental problems that cannot be resolved by mere engagement or expansion of bilateral interchange.

This fact appears most clearly in regional problems. The various regional problems



reveal some clear differences between the United States and China regarding their interests and perceptions of each other. Such regional problems are not only influenced by US-China relations, they also largely define that relationship. It is also impossible to miss that regional problems are directly linked to strategic stability. As seen in Chapter 2, while the United States takes an approach focusing on arms race stability, China emphasizes promoting strategic stability by creating mutual vulnerability. China is aware that problems such as THAAD deployment on the Korean Peninsula and Chinese nuclear submarines in the South China Sea are directly linked to strategic problems.

In terms of strategic stability between the United States and China, the United States has emphasized arms race stability rather than crisis stability, refraining from any comment on mutual vulnerability and thus applying a declaratory policy that stressed the importance of transparency and trust. This can be considered an appropriate policy because there is a large disparity in nuclear forces between the United States and China, and declaring mutual vulnerability could potentially lead to the stability-instability paradox. From the viewpoint of regional security and the global nuclear arms control system, there is concern over the lack of transparency involving China's nuclear forces and nuclear strategy. The international community needs to pay even closer attention to the trend of strategic nuclear forces in China, and China should increase the transparency regarding its specific nuclear strategy as well as its plans to develop its nuclear forces. It must clearly and logically explain that the modernization of its nuclear forces will not be an impediment to reduction of nuclear forces by the United States and Russia, an effort which constitutes an integral part of the international community's striving towards a world without nuclear weapons.

Any conflict that leads to war between the United States and China is undesirable not only for the United States but also for the Asian-Pacific region as a whole. The stability of the US-China relationship is naturally desirable for every country. If such stabilization, however, is achieved through bilateral compromise which requires changes in the regional status quo, this would not represent a settlement of regional problems in the long run but rather may lead to instability in the region. The challenge that future US-China relations must seek to meet will be to steadily advance strategic competition. And for that, both maintaining a proper power balance and dialogue will be required.

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## Introduction

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## Column

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- <sup>5</sup> “Fact Sheet: President Xi Jinping’s State Visit to the United States,” White House, September 25, 2015.
- <sup>6</sup> Three meetings of the US-China High-Level Dialogue on Cybercrime and Related Issues were held under the co-chairmanship of US Attorney General Loretta Lynch, US Department of Homeland Security Secretary Jeh Johnson, and Chinese Minister of Public Security Guo Shengkun (1st: December 1, 2015; 2nd: June 14, 2016; 3rd: December 8, 2016). Following the launch of the Trump administration, the talks were reorganized into the US-China Law Enforcement and Cybersecurity, with the inaugural meeting held on October 6, 2017. Gary Brown & Christopher D. Yung, “Evaluating the US-China Cybersecurity Agreement,” *The Diplomat*, January 19-21, 2017.
- <sup>7</sup> Scott Warren Harold, “The U.S. — China Cyber Agreement: A Good First Step,” Rand Corporation, August 1, 2016.
- <sup>8</sup> Experts in the United States have identified five domains where China and the United States diverge in their thinking on cyber issues, quoted as follows: (1) the legitimacy of the use of cyberspace for economic or industrial espionage; (2) national security uses of cyberspace for more-traditional forms of espionage and intelligence gathering; (3) the prospective use of cyberspace for military operations; (4) the putative rights of states to control information access within their borders. . . ; and (5) the issue of how international norms, rules, and the physical architecture of the Internet should be governed. Scott Warren Harold, Martin C. Libicki, Astrid Stuth Cevallos, *Getting to Yes with China in Cyberspace*, Santa Monica: RAND Corporation, 2016, p. 6.
- <sup>9</sup> The electromagnetic spectrum is the continuum of all frequencies of electromagnetic waves. It is divided into several regions based on frequency, such as radio waves, infrared radiation, visible light, ultraviolet radiation, X-rays, and gamma rays. Electromagnetic spectrum operations involve using these forms of radiation to weaken or destroy an adversary’s electronic intelligence equipment/systems, cyber and related weapons systems, or operational systems that enable normal performance of personnel operations. Sources include 全军军事术语管理委员会 · 军事科学院 [Joint Committee on Management of Military Terminology / PLA Academy of Military Science], 中国人民解放军军语 (全本) [Glossary of the Chinese People’s Liberation Army (Complete Edition)], 军事科学出版社 [Military Science Publishing House], 2011, pp. 254 & 263.

