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Why Rising China Can't Dominate Asia

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Why Rising China Can't Dominate Asia

“China can't dominate Asia; there are too many governments in Asia.” This response by a senior Chinese official to my question during an interview in Beijing on May 30, 2006 reflects some of the realities of power in Asia that make Chinese leadership or dominance in Asia unlikely under foreseeable circumstances. The findings of my private discussions with Chinese and other Asian government officials about China's rise, the balance of influence in Asia, and Asian regional dynamics contradict much media and other public discourse in the United States and some parts of Asia that depict a rising and powerful China coming to the leading position in Asia at a time of US decline in the region. In contrast to these media and other commentaries, which focus on Chinese strengths and US weaknesses, government officials in Asia in private conversations and interviews show an equal awareness of Chinese weaknesses and US strengths in the region. They also are aware of how the many independent-minded governments in Asia “hedge” in reaction to China's rise. These governments work quietly among themselves and with the United States to insure that their independence and freedom of action will not be negatively affected as China's rises in prominence in the region. Such actions reinforce US leadership in Asia as China rises.

US policy makers in the Congress and elsewhere can choose to adopt the one-sided view of those US media and other commentators who predict China's dominance and US decline in Asia. US policy makers tended to do the same thing in the late 1970s when the United States was indeed weak and divided after the defeat in Vietnam and prevailing US media and other predictions said the rising power, the Soviet Union, would dominate Asia. The same kind of pattern prevailed in the late 1980s when respected US media and commentators said that Japan would dominate Asia as US influence in the region declined. Of course, those earlier predictions were dead wrong; they focused on the strengths of the rising powers, the USSR and Japan, and did not adequately consider their weaknesses; and they focused on the weaknesses of the United States and did not adequately consider its strengths.

A more sensible path, in my view, is for US policy makers to listen carefully to the more balanced and carefully calibrated views of Asian government officials. While media, vocal non-government elites, and public opinion matter in some Asian countries, at the end of the day it is the government officials who make the foreign policy decisions. There are few failed states in Asia; most governments are strong and are expected by their constituents to lead.

What follows are the findings of a research trip in spring-summer 2006 that involved dozens of public seminars and workshops dealing with China's rise and US leadership in

Asia that were attended by several hundred non-government specialists and elites in 21 cities of eight Asian countries; and—more importantly for this presentation—in-depth interviews and consultations on these subjects with 75 diplomats and government specialists in those countries. (Please see the section beginning on page four of this document for specific findings in each country.) The trip followed the author's past interchanges with Asian government officials, including a similarly extensive research trip to region in May-June 2004 (Those are reviewed in his book *China's Rise in Asia: Promises and Perils* (Lanham Md.: Rowman and Littlefield, 2005).

The main findings of this work are:

- China is rising in influence in Asia, the part of the world where China always has exerted greatest influence; but China also has major limitations and weaknesses and has a long way to go to compete for regional leadership.
- The power and interests of the United States and most Asian governments work against China ever achieving dominance in Asia.
- The US image in Asia has declined in recent years and US foreign policy continues to be widely criticized. However, US ability and willingness to serve as Asia's security guarantor and its vital economic partner remain strong and provide a solid foundation for continued US leadership in the region. Overall US influence in the region has not declined, according to every Asian official interviewed in 2006.
- Most Asian governments maneuver and hedge against China's rise, and they find a strong US presence in Asia fundamentally important and reassuring.

Chinese Strengths and Limitations

Growing Chinese prominence in Asia is based on rapidly growing economic interchange and adroit Chinese diplomacy. Chinese and most Asian officials play down the implications of China's impressive buildup of military power, though Japanese and some Taiwan officials focus on this perceived Chinese threat.

Burgeoning trade and growing Asian investment in China are the most concrete manifestations of greater Chinese prominence in Asia. China has become the largest trade partner of many Asian neighbors, and Chinese trade expands at almost twice the rate of China's fast-growing economy. Entrepreneurs from the more advanced Asian economies provide the bulk of the \$60 billion in foreign investments China receives annually. Chinese wealth and economic importance support growing popular exchanges in tourism and education. Attentive Chinese diplomacy involves an often dizzying array of leadership meetings and agreements with Asian neighbors and increasing adroit Chinese interchange with the growing number of Asian regional organizations. As a result, China's positive image has grown, particularly in South Korea, much of Southeast Asia, and Australia.

Heading the list of limitations and weaknesses of China's rise in Asia is strong Chinese nationalism; this seriously complicates Chinese relations with Japan and Taiwan, and

causes significant difficulties with South Korea, Singapore, and India, among others. Chinese territorial claims are a serious concern in the East China Sea, a major drag on improving relations with India, and an underlying concern in Southeast Asia. China's authoritarian political system is unattractive to many, though certainly not all, of China's neighbors.

Chinese economic and diplomatic strengths also reflect significant limitations and complications. More than half of Chinese trade with Asia and the world is processing trade, which leads to double and triple counting as a product crosses borders, sometimes several times, before completion and (often) export from China to the United States and Europe. The value added by China in this trade is frequently low, and the trade depends heavily on US and European consumers. Reflecting this reality, Chinese President Hu Jintao in 2005 said that China is "a major trading country" but has not yet become "a major trading power."

Chinese economic competitiveness means that Asian manufacturers often cannot compete directly with China. In response, Asian entrepreneurs increasingly invest in and integrate their businesses with China, but Asian workers cannot move to China and often suffer. Investment in Asian economies declines and Chinese investment and foreign assistance in Asia remain very small and do not offset these negative implications.

China's "win-win diplomacy" focuses on common ground, which receives great positive publicity but does little to resolve differences or deal with issues. With few exceptions, China does not do hard things; it carefully avoids major international commitments or risks.

US Weaknesses and Strengths

US weaknesses in Asia are widely publicized. They center on the decline in the US image in Asia amid widespread criticism of the US war in Iraq, the US position on North Korea, unilateral US actions on significant international issues, and perceived inattentive US policies regarding the economic development and other concerns in Asia. These weaknesses dominate the media and public discourse in most of Asia.

Nevertheless, Asian government officials interviewed during the 2006 research trip were almost uniform in emphasizing the positive importance of the US leading role as Asia's security guarantor and vital economic partner. The main exceptions were a Communist Party of India (Marxist) official, and to a degree, some Chinese officials, who criticized the US security role in Asia.

Asian government officials are well aware that Asian governments generally don't trust each other. The kind of suspicion and wariness one sees today between China and Japan characterizes most relationships between and among Asian governments. And yet the Asian governments need stability in order to meet their nation-building priorities. In this context, the United States looms very large in their calculations. Unlike their Asian neighbors, the United States does not want their territory and does not want to dominate

them. It too wants stability and, in contrast with China's reluctance to undertake major risks and commitments, the United States is seen to continue the massive expenditure and major risk in a US military presence in Asia, viewed as essential in stabilizing the often uncertain security relationships among Asian governments.

Not only does the United States continue to occupy the top security position as Asia's "least distrusted power," the United States also plays an essential economic role in the development priorities of Asian governments, most of which are focused on export-oriented growth. It continues to allow massive inflows of Asian imports essential to Asian economic development despite an overall US trade deficit approaching \$700 billion annually. Against this background, when asked if overall US power and influence in Asia were in decline, Asian officials were uniform in saying no.

Asian Maneuvering and Hedging

All Asian government officials consulted agreed that China's rise adds to incentives for most Asian governments to maneuver and hedge with other powers, including the United States, in order to preserve their independence and freedom of action. A Singapore official said that "hedging is the name of the game" in Southeast Asia, while an Indian official said that Asian governments "are not going to put all their eggs in one basket." Asian governments hedge against the United States and other powers as well, but their recent focus has been on China's rise. The governments tend to cooperate increasingly with China in areas of common concern, but they work increasingly in other ways, often including efforts to strengthen relations with the United States, to preserve freedom of action and other interests in the face China's rise.

In an Asian order supported by undiminished US security and economic power and influence, such hedging by Asian governments adds to factors that are seen to preclude Chinese leadership or dominance in Asia and that reinforce US leadership in Asia. The majority of Asian government officials assumed that China sought eventual "pre-eminence" in Asia; Chinese officials said no, though Chinese foreign policy specialists said that secret Chinese Communist Party documents over the years have continued to refer to a general goal of Asian leadership. As noted above, when asked whether China sought leadership or domination in Asia, a senior Chinese official acknowledged the complications of US power and influence and the role of many independent-minded Asian governments. He responded that "China can't dominate Asia; there are too many governments in Asia." He nonetheless went on to advise that China's influence in the region would grow as China's "weight" would become increasingly important to the governments in the region and China would have increasing success in reassuring Asian governments of Chinese intentions.

Views in Specific Countries

Australia

Australian official public commentary and media coverage are increasingly positive about China. Supporting this trend, Australia benefits greatly as a major exporter of resources to China. In private, Australian officials who deal with China regularly were much more inclined to stress the many problems in the relationship. Economic officers complained pointedly of a range of problems familiar to American counterparts, asserting that Chinese foot-dragging was hampering negotiations on a bilateral free trade agreement. Intelligence and defense officers remained wary of China's ambitions, which were seen to focus on "pre-eminence" in Asia. Parliamentary leaders recalled with some bitterness China's brass-knuckle pressure to insure that all possible dissent during Hu Jintao's landmark address to the body two years ago was undisturbed by any possible dissent. Australian officials saw US power and influence playing a fundamentally important role in channeling China's rise in constructive directions. Overall US power and influence in Asia were seen as unchanged, though China's rise was seen by some as a net loss for US influence.

China

Chinese diplomats disavowed any intent to dominate Asia, saw US power in the region as unchanged, "respected" US regional interests, and criticized mildly and in general terms US military arrangements in Asia. They acknowledged that China's "national security strategy" was not as clear as China's "development strategy." They advised that the former was defensive; China's military buildup was said to focus on Taiwan and to be broadly compatible with the growth of China's economy and interests. They forecast a continued Chinese effort over the next several decades to improve China's influence in Asia through mutually beneficial economic and diplomatic contacts that would increasingly reassure China's neighbors.

India

Indian media, elite commentary, and business groups offer much less attention to China than their East Asian counterparts. They are mixed in assessing the implications of China's rise, with Indian manufacturers and other businesses expressing concern as much as optimism over economic ties with China. Indian government and non-government strategic specialists have remained very wary over China's relations with Pakistan and other Indian neighbors and the slow progress in Sino-Indian border talks. In private, Indian officials said they saw US power in Asia as unchanged and the US role as central in fostering constructive Chinese foreign policy.

Japan

Japanese officials and foreign policy elites appeared seriously concerned about what they saw as China's seeking dominance in Asia at Japan's expense. They judged that China-

Japan relations would not get much worse but that the two powers would continue to engage in long-term competition for influence in Asian and world affairs. They saw US power in Asia as undiminished and fundamentally important to Japanese strategy for dealing with China. They sought greater US diplomatic activism in Asian regional organizations, notably the East Asian Leadership Summit, as a means to bolster Japanese efforts to thwart perceived Chinese initiatives seeking leadership and dominance.

New Zealand

Public attitudes toward China are much more mixed in New Zealand than in Australia. This is despite the fact that China sent 29,000 people in official delegations to New Zealand in 2005. Many of these delegates were seen as using the trips for vacation rather than work. Economic exchanges with China are seen as threatening as well as beneficial by New Zealand media and private official commentary. The pros and cons of the influx of Chinese students and other migrants in recent years have been actively debated in public and private. China's so-called dollar diplomacy in the Pacific Island states has prompted sharp criticism from concerned government officials and academic specialists. New Zealand officials privately expressed strong support of the US role as "the principal arbiter" of regulating in constructive ways China's rise in Asia. In their view, the US was not in decline—it was essential.

Singapore

Singapore's public discussion of China emphasizes the positive benefits of major trade, investment, educational, and cultural links. Singapore officials were more mixed in private. Some emphasized the positive with China and others were wary. Continued strong US power in Asia was seen as essential in perceived efforts by Singapore and others in Southeast Asia to hedge as China rose in influence. Some officials worried about the United States mishandling relations with China, leading to tension over Taiwan or other issues that undercut Singapore's interest in regional stability.

South Korea

South Korean officials underlined an increased wariness in South Korean attitudes toward China despite continued diplomatic bonhomie and burgeoning economic and other interchange. Suspicions rose over growing Chinese economic relations with North Korea seen fostering a stronger North Korean state fundamentally at odds with South Korea's goal of reunification. Nationalistic Chinese positions in dealing with historical disputes strongly alienated South Korean officials who deal with China. In response, the officials noted that South Korea has strengthened efforts to solidify relations with the United States. It welcomes the strong US military presence and sees no diminishment of US power in Asia. Also, one official emphasized after strongly criticizing China that "a strong Japan" is fundamentally important for South Korea's interest in regional stability.

Taiwan

Taiwan officials and foreign policy elites were preoccupied with Taiwan domestic politics and divided along partisan lines in assessing the danger to Taiwan posed by China's rise. Pan-blue (Kuomintang and People's First Party) leaders said that China's increasingly effective international isolation of Taiwan would diminish with the end of the pro-independence leaning of the current Taiwan government. Taiwan officials saw US power in Asia unchanged and essential for Taiwan's security in the face of rising China, but some worried a future US government would tilt more toward China and against Taiwan.

Answers to Specific Commission Questions

1. To what extent are China's domestic political power and legitimacy tied its position in regional exchanges and security relationships?

China's policies and behavior in Asia over the past 15 years show five priorities seen as important in support of the Chinese administration's primary goal, to sustain the rule of the Chinese Communist Party administration in China. The five—listed here in priority order—are: 1) to promote a stable environment allowing for undisturbed political stability and economic development in China; 2) to foster advantageous economic relations with Asian neighbors; 3) to reassure Asian neighbors, the United States, and other concerned powers that rising China is not a threat to their interests; 4) to isolate Taiwan; and 5) to enhance Chinese influence in Asian and world affairs. An implication of this list is that China taking a leadership position in Asia is not a high priority.

2. How does China's diplomacy in the region and participation in regional organizations affect Taiwan?

In general, China's "win-win" diplomacy does not require Asian governments and multilateral organizations to do things they wouldn't ordinarily do (and China's low risk/low commitment diplomacy doesn't require it to do things it wouldn't ordinarily do). The main exception is Taiwan. Chinese officials for a decade have pressed Asian governments and regional organizations very hard in order to isolate Taiwan, and they have been increasingly effective. For example, Southeast Asia ten years ago was the main arena for top-level Taiwan officials to travel and meet with foreign (in this case Southeast Asian) counterparts, even though the Southeast Asian governments had official relations with China. During the Asian economic crisis, Southeast Asian leaders—even Prime Minister Mahathir from Malaysia—traveled to Taiwan for talks. Over time, Chinese pressure, backed by China's increasing importance to Southeast Asian countries, has made visits of Taiwan officials at the ministerial level difficult while visits of top-level Taiwan officials are very rare.

Meanwhile, the pro-independence tendencies of the current Taiwan government have undermined Taiwan influence and played into the hands of China's efforts to isolate Taiwan. They notably have prompted sharp rebukes from Singapore and other Asian governments that in the past tried to maintain an even-handed position in Taiwan-China relations. At bottom, Southeast Asian and other Asian governments do not want to see instability in the Taiwan Strait and tend to view Taipei's pro-independence maneuvers and rhetoric as provocative and unwelcome.

3. What are the causes of the recent downturn in Sino-Japanese relations? How has this tension affected US ties to the region?

There is no simple answer to *the first question*. A review of events over the past year or two shows a very complicated relationship. The sharp turn for the worse in China-Japan relations seen during the violent anti-Japanese demonstrations in China during April 2005

was marked by concurrent deterioration of relations regarding political and security issues on several fronts, even as economic relations prospered. Prime Minister Koizumi remained un-apologetic about visiting the Yasukuni shrine. Another textbook seen to white-wash Japanese aggression prior to 1945 was approved for publication by Japanese government officials. First China, then Japan, engaged in exploitation of gas in disputed waters in the East China Sea. Russia vacillated between strong incentives from Japan and China in determining whether to favor one or the other in building a pipeline to East Asia for Siberian oil. Repeated intrusions into Japanese claimed waters by Chinese “research” and other ships presaged the intrusion of a Chinese nuclear powered submarine that was found and tracked by Japanese forces in Japanese territorial waters near Okinawa. Growing Japanese concern about the implications for Japanese interests posed by the rapid Chinese military buildup focused on Taiwan elicited more explicit Japanese government expressions of concern and a variety of countermeasures, many involving strengthening Japan’s alliance relationship with the United States. In this context, Japan engaged in bilateral consultations with the United States over the Taiwan situation; worked in a trilateral forum with Australia and the United States that dealt with Taiwan and other Asian issues; was explicit in noting Japanese government concerns over the Taiwan situation; and backed the United States in seeking curbs on European and Israeli arms sales to China. A large Chinese-Russian military exercise involving naval and air forces in the East China Sea in August 2005 was followed by Japan’s detection in September of a flotilla of Chinese warships sailing near a Chinese gas rig exploiting resources in the East China Sea that are claimed by Japan.

Japanese leaders used the marked increase in Japan’s international profile seen at the time of Japan’s impressive aid and relief efforts after the Tsunami disaster in South Asia in December 2004 to launch a series of high-level international visits and associated economic and other gestures in an effort to garner support for a permanent seat for Japan on the UN Security Council. Despite strenuous government efforts, China remained way behind, in the second echelon among Tsunami relief donors. The Chinese government opposed Japan’s UN bid. Public opinion in China was fed by a longstanding Chinese government media and education campaign to build nationalism by emphasizing the evils done to China by past imperial powers, notably Japan. In these circumstances, whether by design or happenstance, tens of thousands of Chinese responded to an internet campaign against Japan’s UN bid by taking to the streets, with many attacking Japanese businesses and diplomatic properties in April 2005. For several days, the Chinese police attempted to regulate but did not attempt to stop the violent anti-Japanese acts, bringing bilateral relations to the lowest point since the normalization of relations in 1972.

Subsequently government officials on both sides endeavored to restore order and maintain mutually advantageous business ties. However, neither side gave ground on the various political and security disputes that gave rise to the recent deterioration of relations. Fresh from his success in leading his party to a decisive victory in Diet election in September 2005, Prime Minister Koizumi again visited the Yasukuni Shrine in October, prompting shrill Chinese protests and cancellation of foreign minister talks to improve relations. Chinese officials refused to meet with Koizumi and Japan and China

were on opposite sides at the December 2005 East Asian Leadership summit that was supposed to highlight Asian regional cooperation.

Regarding the *second question*, the crisis has reinforced Japan's close alignment with the United States. Japan also wants greater US involvement in Asian regional organizations like the East Asian leadership summit in order to prevent perceived Chinese efforts to dominate the groups at Japan's expense.

For its part, China quietly has sought US intervention and mediation. It presumably judges that US intervention will focus on Yasukuni and related issues and thereby implicitly undercut Prime Minister Koizumi and others in Japan seen as hard liners on China. US intervention also could provide a way for China to back away from its rigid policy toward Japan, which Chinese officials and strategists widely recognize is counterproductive for China's broader goal of promoting an image of peace and development in the region. These Chinese officials are well aware that from 1996 to 2001 China sandwiched a newly moderate and positive approach to Asian neighbors with strident opposition to the US alliance structure and security presence in Asia. This policy failed in part because Asian governments did not want to choose between the US and China. China changed it in mid-2001, eventually adopting the line of "peaceful rise" and "peaceful development" that sought cooperation and moderation with the United States as well as with most Asian neighbors. Today, China's anti-Japan posture is pressing Asian governments to choose between China and Japan. By conventional measure, Japan has half the wealth of Asia. For this and other reasons, Asian governments do not want to choose between Beijing and Tokyo. Under these circumstances, it probably is just a matter of time before China will have to adjust its anti-Japan policy, and US intervention would help it to "get off the hook" without a public demonstration of compromise or acknowledgement of policy failure.

4. How has a rising China changed Japan's approach to international relations?

Japan has become increasingly determined to resist perceived Chinese pressure tactics and intimidation. It is more prepared than ever to give "tit-for-tat" in behind-the-scenes and sometimes overt competition with China for international influence, not only in East Asia but further away in arenas like the African Union, Central Asia, the Pacific Islands, and elsewhere. Japan is increasingly forthright in dealing with the military threat to Japan posed by China's military build-up; this reinforces Japan's own military modernization.

In dealing with the challenges posed by a rising China that is sharply critical of Japan, Japan seeks closer cooperation and support from the United States. The cooperation and support Japan seeks are not directed explicitly at China, but are focused on common US-Japanese positions that thwart perceived Chinese efforts to seek regional leadership in Asia and to marginalize Japan's international importance and role. In this context, Japan also appears more ready and willing to play a more active role in support of Asian governments that seek to hedge in the face of China's rise, providing support for their continued independence and freedom of action that implicitly limits China's ability to lead or dominate Asia.

