

U.S.-China Economic and Security Review Commission Hearing  
on  
“The Chinese View of Strategic Competition with the United States”

*Testimony on Panel 2: U.S.-China Competition and Cooperation on the World Stage*  
by

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**China’s Strategic Motivations in the Indo-Pacific and Implications for U.S.-China Competition**

Debate abounds about China’s strategic motivations as well as its strengths and urgency to achieve them. Consensus prevails, however, that China’s *strategic* motivations and [military strengths](#) are currently primarily directed towards East Asia or the western Pacific.<sup>2</sup> As China’s capabilities increase and improve, its interests may expand to embrace the entire Indo-Pacific region. China is already a global economic and diplomatic power with attendant influence.

Of China’s core interests authoritatively articulated by State Councilor Dai Bingguo in 2009 and in *China’s Peaceful Development 2011*, the key *strategic* interrelated ones are: territorial integrity and national reunification.<sup>3</sup> The East Asia region most directly implicates these interests.

China’s neighbors, stretching from the Yellow Sea to the Indian Ocean, either alone or through a coalition amongst themselves and others, can frustrate China achieving territorial integrity and reunification. China’s top priority is reunification of Taiwan. Its other territorial and maritime disputes are in the Yellow Sea, East China Sea, South China Sea, and borders with India. China has in the past and continues to use military force to assert some of its claims and press these disputes.

China’s strategic motivations centered on East Asia cross the tipping point into broader competition with the United States because the U.S. has alliances, strategic partnerships, or strengthening partnerships with many regional countries. China perceives that its reunification and territorial integrity objectives are impeded by these relationships. Therefore, as Admiral Dennis Blair has written, “The key, China’s leadership believes, is undermining and overmatching American military capability in the region.”

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<sup>2</sup> Admiral (ret) Dennis Blair, Testimony to the U.S.-China Economic and Security Review Commission, February 20, 2020, [https://www.uscc.gov/sites/default/files/Blair\\_Written%20Testimony.pdf](https://www.uscc.gov/sites/default/files/Blair_Written%20Testimony.pdf).

<sup>3</sup> Feng Zhaokui, “What are China’s Core Interests,” October 21, 2014, <https://www.chinausfocus.com/foreign-policy/what-are-chinas-core-interests-2>.

Furthermore, three U.S. presidents over the past two decades have identified East Asia and the Pacific as the region where U.S. attention and resources must be prioritized to address threats (mainly from China) as well as to maintain prosperity and global leadership. The Trump Administration articulated a National Security Strategy of “[great power competition](#)”<sup>4</sup> due to China and Russia’s re-assertive roles. In June 2019, the Indo-Pacific was declared the Department of Defense’s “priority theater.”

East Asia is the only region where *both* the U.S. and China have identified core interests, and where failure or success could be a game changer for their respective global and regional roles and ambitions.

### **The Effectiveness of Beijing’s Efforts to Wedge and Wean U.S. Allies and Partners**

Beijing works to both wedge and wean away U.S. allies and partners via a combination of coercion and inducements. Overall, China has been ineffective in doing so. However, China has made important inroads on trade and diplomacy across the Indo-Pacific, especially with smaller countries on its periphery, and among smaller island states in the Pacific and Indian oceans.

U.S. alliances have generally improved during the past two decades in operational terms such as interoperability, rotational and other forms of basing and access, high-end exercises, and integrated defense production and military purchases. Headlines do not capture fully the strengths of deeply institutionalized alliance mechanisms, habits, and networks of cooperation resulting from decades of hundreds of annual exchanges and engagements between allied militaries and their American counterparts (and among each other).

China’s assertiveness is reinforcing U.S. alliances and creating new strategic partnerships. For example, the U.S.-Singapore strategic partnership has been enhanced twice in five years with longer-term extensions plus new training on American soil in Guam. Other Indo-Pacific partners such as India, New Zealand, and Vietnam are strengthening defense and security cooperation with Washington, while low-key, constructive defense and security ties continue with Malaysia and Indonesia.

Moreover, U.S. allies the United Kingdom and France are increasing their coordination on shared interests in the Indo-Pacific. Allies and partners remain receptive to joining U.S.-led or backed initiatives such as the Maritime Security Initiative (MSI) and “The Quad Consultations.” Finally, the U.S. with its allies and partners are increasing security and other capacity-building coordination in Southeast Asia, the Pacific Islands and among Indian Ocean states.

U.S. alliances and partnerships are not problem-free or open-ended. They never have been. Even in the face of Chinese assertiveness, American alliances and partnerships will have limits in U.S.-China crises as well as steady-state competition. Careful, persistent alliance and partner management is required. Currently, the main U.S. challenge with allies and partners is matching relatively robust defense cooperation with more optimal commercial and diplomatic relations.

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<sup>4</sup> White House, National Security Strategy of the United States, December 2017, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

China's challenge vis-à-vis U.S. allies and partners is alienating them through assertive behavior while wooing them with trade, investment, and infrastructure. America has ample ability to improve commerce and diplomacy; China has little room to back off expansive, illegal and threatening territorial and reunification claims.

Scenarios in which U.S. alliances and strategic partnerships could be broken require conditions so profoundly different from today and the foreseeable future (e.g., a reset of the major flashpoints via negotiation or war, the collapse of China's ambition or capacity to achieve its core interests, or a U.S. decision to withdraw from the region) that the very value of these relationships would be different.

On commercial issues, China's own economic growth and emergence as a platform for global supply chains has made it a crucial partner for the U.S., its allies, and its partners. Especially in the wake of the COVID-19 pandemic, several uncertainties reign:

- The first is how and how much the U.S. and China “decouple” their economies and the effects of that decoupling for allies and partners.
- A second is how much regional countries diversify their own supply chains and investments from China. A modest diversification, rather than flight, has been underway for about a decade.
- A third uncertainty is the balance between intra-Asia integration and trans-Pacific integration. The pending Regional Comprehensive Economic Partnership (RCEP) trade agreement includes ten Association of Southeast Asian Nations (ASEAN) countries plus China, Japan, Korea, Australia, and New Zealand could modestly increase intra-Asia integration through tariff reductions.
- A fourth more worrying uncertainty is China's recently stated receptivity to joining the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP). If China successfully negotiates membership in this successor agreement to the U.S.-rejected Trans-Pacific Partnership (TPP), intra-Asian integration could be significantly bolstered to the disadvantage of trans-Pacific economic ties. CPTPP already includes two U.S. treaty allies and one close strategic partner. Three other treaty allies—Thailand, the Philippines, and the Republic of Korea—as well as the largest economy in Southeast Asia, Indonesia, and in South Asia, India, could feel compelled to join CPTPP. While the U.S. squabbles continue with regional allies and partners over trade deficits, preferences, and tariffs, the balance between intra-regional and trans-Pacific commerce could erode to irrecoverable U.S. disadvantage.

In areas of commerce, the challenge is less China wedging and weaning the region away from the U.S. than American policy decisions not effectively competing with China. The U.S. remains key to allies and partners for remittances, private capital markets, government securities, high technology, and the use of the dollar. These structural advantages will not easily erode, but cannot be taken for granted.

China's commercial record is not unblemished. Allies and partners have faced increasing Chinese economic coercion and restrictions. The COVID-19 pandemic has highlighted the high level of dependence on China for markets, production as well as consumers and tourists.

In response, U.S. allies and partners have created new laws and regulations to restrict China's foreign direct investment, trade, mergers and acquisitions, access to higher education in sensitive fields, and role in 5G networks. They have encouraged and funded supply chain diversification. But these actions are not framed as China-directed or only responsive to U.S. demands. Rather, allies and partners have acted on their own concerns aligned with the U.S. and narrowly scoped restrictions to maximize trade and investment benefits from China. American allies and partners also seek global trade and investment agreements with the European Union among others to support economic development and growth and diversify dependence on China. And they pursue intra-Asia integration and encourage the U.S. to "up its game" on regional trade and investment. Regional disappointment with the U.S. on commercial matters is not unprecedented and not insurmountable.

Finally, China has not been effective in foisting its norms, values, and narratives on U.S. allies and partners. China's non-democratic, one-party authoritarian political model has almost zero resonance amongst elites and publics. Even among non-democracies or deficient or illiberal countries, countervailing drivers such as nationalism, religion, history, ethnic considerations, or specific disputes with Beijing constrain overly close relations with China. Even though majorities in Southeast Asia view China as the most influential regional economic and politico-strategic power, majorities (71.9 percent and 85.4 percent, respectively) also worry about this influence. Southeast Asia's top China worries include economic dominance and political influence and coercion, strong-arm tactics in the South China Sea and the Mekong, and use of economic tools and tourism to punish foreign policy choices. A Pew Research poll conducted in 2019 found favorability ratings for China among Asia-Pacific countries to be considerably lower than those for the U.S., though U.S. favorability had slipped too.

American criticisms about human rights and democracy grate and irritate, but contrast with China's demands for obeisance and hierarchy. It is telling that U.S. criticisms on values issues do little to inhibit defense cooperation whereas China's human rights standards in alleged alignment with much of Asia foster next to nil security and defense trust. It is no wonder that the region complains about declining U.S. engagement and influence while fearing China's rising engagement and influence.

Beijing's "New Security Concept," "Nine-Dashed Line," "Community of Common Destiny," and efforts to negotiate a Code of Conduct (CoC) as well as territorial and maritime assertiveness accentuate anxieties about China. Meanwhile, Beijing remains mum on regional proposals such as the ASEAN Indo-Pacific Outlook. U.S. allies and partners appreciate that their aspirations of national security, sovereignty, and territorial integrity have more space and chance to be realized when a strong, confident, and attractive America fully and sensitively engages with the region. The reasons are simple: the U.S. is not an irredentist state, it does not harbor historical grudges from past conflicts, and it does not seek to overturn outcomes left over by history. China's rise has brought many material gains to the region, but it has also led to negative complications in its own narrative where before few or none existed.

## **Indo-Pacific Countries' Evolving Approaches to China and The Prospects for a Common Approach**

Indo-Pacific countries' approaches to China start from domestic politics. As China's diplomatic, commercial, and security salience increases with asymmetrical impacts on localities, constituencies, business sectors, and bureaucracies, policy coherence and consensus are more complex. This challenge is not unique to the region. One difference is that history's hangovers are especially heavy. East Asian countries are well aware of China's historic efforts at domination, support for communist insurgencies, and the economic influence of large diaspora communities. The PRC's modern relations with the region are newer than the U.S. history of engagement with the region; and offer a new mix of opportunities and threats. Compounding their difficulties of dealing with China, regional countries perceive the United States as currently distracted and even dysfunctional.

Despite these difficulties, Indo-Pacific countries are more than capable of coolly calculating global and local geopolitical balances and navigating between and among them. Such maneuverings may be couched in protestations, norms or ideology but the behavior is a mix of geopolitical assessment and managing domestic politics. They are experienced in the comings, goings, and rivalries of great powers. Indo-Pacific countries have far more agency, maneuvering room, and tools than usually realized.

Of course, Indo-Pacific countries do not want to make choices, but even more importantly, they don't want *no* choices; which is one reason Southeast Asia in particular has invited and received strategic internationalization (i.e., bringing more countries into ASEAN's diplomacy, commerce, institutions, and security). Other Indo-Pacific countries are reaching out to each other and beyond the region. Meanwhile, regional states' seek to keep the U.S. present and engaged—including by improving defense alliances and strategic alignments; joining groupings such as the Quad; and coordinating more closely among American allies and partners—and modernizing and strengthening national defense capabilities with U.S. cooperation.

Essentially, Indo-Pacific countries want to stay on the right side of the United States and off the wrong side of China. Meanwhile, Indo-Pacific countries will try to get the PRC and/or the U.S. to take their side regarding specific national interests.

Indo-Pacific countries are clear-eyed that any combination of intra-regional coalitions or multilateral organizations will not protect their interests vis-à-vis China. They are therefore also clear-eyed that a close relationship with the U.S. allows a semblance if not surety of deterrence, dissuasion, and defense against China and the best access that exists to the modern capabilities, training, and networks required for balancing. Allies and partners welcome close security/defense cooperation with Washington so long as it is not directed *overtly* at China.

There cannot be a common approach to China policy across the Indo-Pacific on every issue. For now, an amalgamation rather than a coalition or concert of American alliances and partners constitutes a common approach. A focused, engaged, and subtle American approach

emphasizing that U.S. policies and objectives vis-à-vis the Indo-Pacific are not only about and at China but about a set of principles that apply to all will be welcome.

### **Recommendations to Congress**

1. ***Create an East Asia and the Pacific or Indo-Pacific Congressional Caucus*** to complement country or sub-regional caucuses to provide a more holistic legislative approach to policy across geographical and functional seams; and with the central purpose of shoring up U.S. relations across the region.
2. ***Commission a report that systematically assesses congressional authorities and actions that restrict and support relations with allies and partners*** in an effort to minimize the former and expand the latter.
3. ***Establish a United States-Indo-Pacific Professionals Program via a consortium of professional associations in the U.S. and Indo-Pacific*** countries bringing together American and Asian *professionals* in fields such as civil engineering, architecture, health care, and law among other professions. Such a program would complement existing fellowship and short-term exchanges, but emphasize best practices and principles in the professions and hone mutual human capital development.
4. ***Establish a new congressionally-backed subnational (state and provincial) legislative exchange program*** for elected political leaders and policy professionals between the United States and Indo-Pacific countries.