

March 13, 2014

Testimony before the U.S.-China Economic and Security Review Commission

“China and the Evolving Security Dynamics in East Asia: Security Dynamics in Southeast Asia and Oceania and Implications for the United States”

Prepared Statement of Dr. Ely Ratner

*Senior Fellow and Deputy Director of the Asia-Pacific Security Program,
Center for a New American Security*

Commissioner Brookes, Commissioner Fiedler and other distinguished members of the Commission, thank you for inviting me here today to discuss the rise of China, security dynamics in Southeast Asia and implications for the United States.

These are critical issues given that deepening U.S. engagement in Southeast Asia is a key element of the Obama administration’s broader policy of rebalancing to Asia, and because China’s growing economic and military influence is arguably the most important factor shaping the regional security environment.

Effective U.S. policy toward Southeast Asia will therefore have to account for the rise of China, including the opportunities, insecurities and interdependencies it creates for states throughout the region. This puts a premium on sustaining U.S. military power backed by a robust forward presence, but also on pursuing a multifaceted policy that includes economic statecraft, building partner capacity, and greater attention to constructing a rules-based regional security order undergirded by norms and institutions.

Diversity, Dynamism and Uncertainty in Southeast Asia

Southeast Asia faces substantial security challenges ranging from traditional threats of sovereignty disputes and major power competition to non-traditional challenges that include terrorism, climate change, natural disasters, epidemics, energy and food security, and illicit trafficking in people, narcotics and weapons. As the region seeks to respond to these myriad challenges, the rise of China stands as a key factor shaping the future of security competition and cooperation in Southeast Asia.

Sustained economic growth in Southeast Asia has brought with it significantly larger defense budgets. Although internal security remains a priority in the face of terrorism and other nontraditional security threats, military modernization in the region has an increasingly external orientation. Maritime security has received particular attention as littoral states are seeking to defend against potential challenges to their claims on natural resources and disputed territories, as well as to freedom of navigation and the free flow of commerce. The result has been an emphasis on developing or procuring capabilities for limited force projection, enhanced intelligence, surveillance and reconnaissance (ISR), and counter-intervention (including submarines and anti-ship missiles).

China is not the only reason for this growth in military spending—local threats, domestic politics and regional rivalry are also at play—but there is no doubt that expanding PLA capability is shaping

regional behavior. No country can compete with China in terms of quantity or, increasingly, in terms of quality. But even if regional militaries remain considerably outmatched by China's military, they can still enhance their security through better maritime domain awareness and by developing capabilities to deter Chinese assertiveness and intervention.

The regional security environment in Southeast is shaped by three dominant characteristics: diversity, dynamism and uncertainty.

The diversity of Southeast Asian manifests on several fronts. Countries in the sub-region fall along a wide spectrum in terms of economic development and military modernization. They also differ significantly in the threats derived from mainland versus maritime states, as well as claimants versus non-claimants in the South China Sea. Countries also have distinctly different security partnerships with the United States from treaty ally to relatively low levels of military cooperation. Taken together, these factors produce a range of threat perceptions regarding China, which in turn affect regional states' willingness to and interest in aligning more closely with Washington or Beijing.

This diversity is accompanied by a distinct dynamism as individual countries and the region as a whole are emerging to play more prominent roles in regional security affairs. Southeast Asia not only sits at the fulcrum of 21st-century geopolitics, but also is increasingly home to emerging economic and military powerhouses in their own right. Military modernization is meanwhile occurring during a period in which a number of Southeast Asian countries are pursuing a more outward orientation in security matters. At the same time, region-wide institutions, mostly revolving around the Association for Southeast Asian Nations (ASEAN), are becoming more active on security issues. The net result is a greater number of capable actors in the region.

Finally, the regional security environment is defined by significant uncertainty. Although the United States continues to play a fundamental role in guaranteeing regional peace and stability, there are persistent concerns in the region about the long-term sustainability of the U.S. commitment. Despite the policy of U.S. rebalancing to Asia, there is a relatively common view in the region that the United States--whether by choice, limited resources or dysfunction--may be unable to sustain itself as a reliable ally, partner or active participant in the region's economic and political affairs.

Similarly, there is considerable uncertainty about the future implications of China's rise. A number of countries are concerned about China's pattern of assertiveness in recent years, which has included a willingness to use military and economic coercion to settle political disputes. At the same time, there are powerful factors limiting countries' ability and willingness to stand up to this behavior. One obvious driver is the growing gap in military and maritime capability between China and individual Southeast Asia states. In addition, every country in the region counts China as its first or second leading trade partner, leaving governments appropriately worried about the economic implications of political or military tensions with Beijing.

Compounding military disparities and economic interdependence is the geographic reality of China. Governments in the region frequently note that while U.S. attention to Southeast Asia has historically blown hot and cold over time, China will almost certainly retain outsized economic, cultural and political influence in the region. This means that engaging and working with China is

more a necessity than a choice.

The bottom line is that when it comes to matters of regional security, short of an armed conflict that dramatically reorients the security order in the region, the vast majority of states in Southeast Asia--regardless of their relative concerns about the implications of China's rise--are unlikely to assume a traditional balancing posture against China. Simply put, governments in the region do not want to have to choose between the United States and China. Instead, Southeast Asian countries are by and large pursuing a portfolio approach to enhance their security and hedge against prevailing uncertainties. This includes at once seeking stronger security ties with Washington, deepening relations with Beijing, building up their own independent military capabilities, developing security partnerships with other Asian countries, and looking to regional institutions and international law to manage disputes and temper great power competition.

The Role of ASEAN and Challenges to Multilateral Security Cooperation

ASEAN and ASEAN-centered institutions are increasingly active on regional security affairs. These organizations include the ASEAN Regional Forum (ARF)¹ and the East Asia Summit (EAS),² which are now regularly attended by the U.S. secretary of state and president, respectively.

Despite being consensus- and process-based, these institutions are hosting progressively direct and substantive interactions on security issues. The ARF and EAS are now the most important multilateral forums for discussing South China Sea and maritime security issues more broadly. Both have served as important venues for U.S. officials to affirm U.S. national interests, advocate for peaceful and diplomatic solutions to disputes and shed light on destabilizing actions by China and others in the region.

The ASEAN Defense Ministers Meeting Plus (ADMM+) is particularly notable in taking ASEAN from a "talk shop to a workshop." In addition to biennial defense ministerial meetings, the ADMM+ hosts Expert Working Groups to build capacity, develop expertise and enhance coordination in areas that include maritime security, peacekeeping, counterterrorism, military medicine and humanitarian assistance and disaster relief (HA/DR). These working groups are leading to unprecedented multilateral security cooperation and field exercises. In June 2013, the ADMM+ held its first-ever HA/DR exercise, which included more than 3,000 personnel from 18 nations.

ASEAN as a group is also engaging with non-Southeast Asian states on an individual basis to address regional security issues. In the first event of its kind, ASEAN's defense ministers will meet with Secretary Hagel in Hawaii in April 2014. ASEAN also recently sent a delegation to Tokyo for an unprecedented dialogue with Japan. Moreover, ASEAN is aiming to negotiate a Code of Conduct for the South China Sea with China, although there are good reasons to believe that process may never

¹ The 27 members of the ARF include the ten members of ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam), the ten ASEAN dialogue partners (Australia, Canada, China, the European Union, India, Japan, New Zealand, Republic of Korea, Russia and the United States), one ASEAN observer (Papua New Guinea) as well as Bangladesh, North Korea, Mongolia, Pakistan, Sri Lanka, and Timor-Leste.

² The 18 members of the EAS include the ten ASEAN countries plus Australia, China, India, Japan, New Zealand, the Republic of Korea, Russia, and the United States.

result in an effective and binding agreement.

Despite this noteworthy progress, ASEAN continues to face serious limitations. The institution itself has a relatively weak secretariat and the rotation of ASEAN chairs leads to a loss of institutional memory and sometimes-counterproductive leadership styles from particular chairs.

It is also unclear whether ASEAN and its surrounding institutions will ever become strong or mature enough to prevent and manage serious crises. Most of the security cooperation to date has occurred in areas of low-hanging fruit like HA/DR and military medicine. Without taking anything away from the importance of regional coordination on these issues, the jury is still out as to whether this is a harbinger of deeper and more substantive cooperation on sensitive security issues, or rather the terminal limit of security cooperation given the many economic and political constraints in the region.

ASEAN's ability to engage in more substantive security cooperation will also hinge on China's willingness to see the organization play a more important role in ways that also invite participation from other leading states, including India, Japan, Russia, the United States, and possibly Europe. China has expressed hostility to an open and inclusive regional order that multilateralizes regional disputes and imposes constraints on China's ability to exercise power.

Beijing would prefer to maximize its leverage in the region by working with countries on a bilateral basis or, at the very least, with ASEAN directly in the absence of the United States and other outside powers. There are also few indications that China is willing to sign up to regional norms, rules and institutions--such as the Code of Conduct in the South China Sea--if doing so limits its ability to apply economic, diplomatic and military pressure on its smaller, weaker neighbors.

For the many reasons discussed above, regional countries have to take Beijing's preferences into consideration, thereby creating a fundamental obstacle to developing an effective ASEAN-based regional security architecture. Most countries in ASEAN, regardless of their private preferences, are reluctant to override China's objections to more robust regional security cooperation and rulemaking.

U.S. Strategy and Recommendations for Policy

U.S. policymakers are tasked with navigating the diversity, dynamism and uncertainty that defines the regional security order in Southeast Asia. This requires being attuned to the sensitivities and constraints that shape regional responses to China's rise and, as a corollary, the willingness and ability of states to partner with the United States. Simply put, countries in the region do not want to have to choose between the United States and China. Ignoring this precept will only result in dividing the region, weakening ASEAN, and ultimately reducing U.S. influence and leverage.

Nevertheless, the United States should continue deepening its treaty alliances and security partnerships in Southeast Asia. This has the multiple benefits of enhancing U.S. military access and presence in the region, building partner capacity to support U.S. operations, and augmenting the capabilities of individual states to more independently defend their interests and deter Chinese coercion.

The United States has the dual charge in Southeast Asia of deterring Chinese coercion without escalating tensions, while simultaneously seeking a cooperative relationship with Beijing that avoids creating a permissive environment for Chinese assertiveness. This means getting the right mix of engagement and balancing in Southeast Asia, which in reality is an extension of the hedging strategy that has defined U.S. China policy for decades.

In addition, U.S. strategy in Asia should privilege the construction of an open and inclusive regional security order undergirded by widely-accepted rules and institutions. Any effort to enhance U.S. influence and leadership in Southeast Asia must include efforts to shape a rules-based regional order that strengthens regional security cooperation while preventing and managing military competition and crises. Moreover, it is notable that such efforts often hinge on U.S. strategy and political will, not defense budgets and spending.

The construction of a rules-based regional order that comports with American values and interests is a central goal of U.S. Asia policy. It is also an aim that unites most of the region and elides the kinds of divisions and exclusions that sometimes frustrate U.S. efforts.

Taking these regional dynamics into account, below is a list of eight recommendations for how the United States can advance its security interests in Southeast Asia. Note that these items are meant to supplement the already existent components of the U.S. rebalancing policy to Asia, which include strengthening U.S. alliances and security partnerships, deepening ties with China, elevating economic statecraft, engaging regional institutions and diversifying the U.S. forward-deployed military presence.

1. Reinstate Trade Promotion Authority (TPA) in support of the Trans-Pacific Partnership (TPP)

Although it may seem counterintuitive to begin a list of national security priorities with a multilateral trade deal, the successful completion of the Trans-Pacific Partnership (TPP) – both among the negotiators and on Capitol Hill – is the single most important policy issue currently on the table affecting U.S. power and leadership in Asia. Economics and security are inextricably linked in the region and the United States cannot cement a long-term role in Asia through military muscle alone. Southeast Asian states are looking to Washington to take leadership on economic issues as well, which will in turn open avenues for deeper political and security cooperation. TPP is a strategic-level issue and must be treated as such by the U.S. Congress.

Reinstating Trade Promotion Authority (TPA), which would increase the likelihood of eventual TPP approval on Capitol Hill, would offer a much-needed and immediate boost to the negotiations by giving leaders throughout the region confidence that it will be worthwhile to make the domestic political compromises necessary to reach a deal. No other act by Congress in the coming months would contribute more to U.S. foreign policy and national security interests in the region. President Obama will have to lead on this issue, but Congress has a vital role to play in setting the terms of the debate and ensuring that vital national interests are served.

2. Develop a strategy to deter Chinese assertiveness in the South China Sea

Over the past several years, China has engaged in economic, diplomatic and military coercion to revise the administrative status quo in East Asia. This has primarily occurred below the military

threshold with the effect of avoiding intervention by the United States military. The most egregious examples of this include China's illegal seizure and occupation of Scarborough Reef in the South China Sea and its ongoing efforts to undermine de facto Japanese administration of the Senkaku Islands.³ These are deeply destabilizing actions that, if permitted to continue, will increase the likelihood of serious conflict down the road.

Given this pattern of behavior against the Philippines, Vietnam and more recently Malaysia, the United States should develop an interagency strategy for deterring and responding to Chinese revisionism in the South China Sea.⁴ In the context of continued engagement with Beijing, this strategy should consider ways to impose costs on China for undertaking acts of assertiveness. The strategy must also take effect in the short term, rather than relying only on efforts like building partner capacity and strengthening regional institutions that are vitally important but will take years to bear fruit. It is also clear that private bilateral diplomacy with Beijing and public multilateral diplomacy have in and of themselves been insufficient to stem Chinese revisionism.

Assistant Secretary of State Danny Russel's February 5, 2014 testimony before the House Committee on Foreign Affairs and Secretary Kerry's remarks during his recent trip to the region demonstrate that the Administration is aware of this challenge and working through potential responses.⁵ To reiterate, the goal here is not to contain China, but rather to ensure that political disputes are managed through peaceful diplomatic means rather than coercion and the use of force.

3. Reject China's illegal occupation of Scarborough Reef

Related to the discussion above, the United States should be unequivocal that it does not accept China's illegal seizure and continued occupation of Scarborough Reef. U.S. officials have said repeatedly that the United States has national interests in the maintenance of peace and stability, respect for international law, freedom of navigation, and unimpeded lawful commerce in the South China Sea. China's behavior at Scarborough Reef has violated all of these principles.

Although the reef itself does not harbor specific economic or strategic significance, it is profoundly important that the United States, the region and the international community not accept the use of force and coercion as the arbiter of political disputes in Asia. In response, the United States should make clear in bilateral engagements with China and at multilateral meetings in the region that it expects China to withdraw from the disputed feature and return to the status quo that existed prior to China's 2012 act of revisionism. The United States military should also conduct freedom of navigation operations in areas surrounding the reef as demonstrations of its unwillingness to accept China's illegal occupation.

4. Build an international consensus on the legitimacy of international arbitration for maritime and

³ See Ely Ratner, "Learning the Lessons of Scarborough Reef," *The National Interest*, November 21, 2013, <http://nationalinterest.org/print/commentary/learning-the-lessons-scarborough-reef-9442>.

⁴ See Elbridge Colby and Ely Ratner, "Roiling the Waters," *Foreign Policy*, January/February 2014, http://www.foreignpolicy.com/articles/2014/01/21/roiling_the_waters,

⁵ Daniel R. Russel, Assistant Secretary, Bureau of East Asian and Pacific Affairs, "Testimony Before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific," Washington, DC, February 5, 2014, <http://www.state.gov/p/eap/rls/rm/2014/02/221293.htm>.

sovereignty disputes in the South China Sea

Consistent with U.S. policy, the United States should proactively support international law and arbitration on issues related to maritime and sovereignty disputes in the South China Sea. As part of that, the United States should work to build an international consensus on the importance of the arbitration case that the Philippines has taken to the International Tribunal on the Law of the Sea. Without making judgments on the merits of the case itself, the United States can work with like-minded countries to build support for the process and highlight its significance as an unambiguous test of China's willingness to manage differences through peaceful means. This is a prime opportunity for leading European nations to make a key contribution to the maintenance of peace in the region in ways that comport with their comparative strengths in international law and regional institutions.

Should this opportunity to support regional order and institutions slip by without sufficient diplomatic and political attention, it will set a terrible precedent for future disputes and could close off a critical avenue for the peaceful management of competition in Southeast Asia.

5. Support the "early harvest" of agreed-upon elements in the Code of Conduct for the South China Sea

Sovereignty disputes in the South China Sea will not be resolved any time soon. Nevertheless, there is a pressing need for preventing and managing crises as the waters and surrounding airspace become increasingly crowded with government and military vessels. The principal mechanism for advancing multilateral maritime security and safety mechanisms has been the Code of Conduct for the South China Sea being developed by members of ASEAN and China.

Although the United States should sustain its full support for this process, it is also the case that negotiations have dragged on for too long, with China sending mixed signals about its willingness to enter into serious negotiations toward a binding set of rules. In this context, the United States should supplement its policy toward the Code of Conduct by supporting the "early harvest" of agreed-upon initiatives that could be implemented in the short-term without agreement on the full Code of Conduct, which may never occur. The United States, in cooperation with allies and partners, can consider leveraging ASEAN and ASEAN-centered institutions to implement these initiatives. Some could also be agreed upon and implemented by a majority of countries if universal consensus cannot be reached.

6. Develop a "common operating picture" for the South China Sea

The United States has been working on a bilateral basis with a number of states in Southeast Asia to build partner capacity in the area of maritime domain awareness. This is critically important for helping regional states monitor their territorial waters and respond to potential incidents. In cooperation with allies and partners, the United States should explore broadening these efforts to construct a common operating picture for the South China Sea that would permit countries in the region to be aware of potentially destabilizing maritime activity. This could have the additional effect of deterring adventurous behavior if it were visible to all.

7. Ensure that the U.S. military presence in Southeast Asia is politically sustainable in the region

Current U.S. policy is seeking a more geographically-distributed force posture in Southeast Asia in

response to the evolving regional security environment. This goal of diversifying the U.S. military presence in the Asia Pacific has included efforts to develop new presence and access arrangements in Australia, the Philippines and Singapore, and new opportunities for training and access in Brunei, Indonesia, Malaysia, Thailand, Vietnam and elsewhere.

Although threat dynamics open doors for the United States to deepen security ties with allies and partners, the ability of the U.S. military to establish new arrangements, deepen them over time and sustain them in the long term will hinge on conducive political environments in partner countries. At this stage of developing a number of new arrangements in Southeast Asia, operational considerations cannot crowd out the fundamentally important task of ensuring political sustainability, without which U.S. force posture objectives in the region cannot be achieved.

The Center for a New American Security recently completed a yearlong study examining how the United States can most effectively achieve a politically sustainable military presence in Southeast Asia and Australia.⁶ It concluded that U.S. policy should integrate posture initiatives within three broader objectives in U.S. defense and national security strategy in Asia: strengthening U.S. bilateral military and defense partnerships; building comprehensive bilateral relationships, including diplomacy and economics; and advancing U.S. regional strategy and multilateral cooperation. This research produced the following key principles within these three broader goals.

| Objective | Key principles |
|--|---|
| <i>Strengthening bilateral military and defense partnerships</i> | <ul style="list-style-type: none"> • Require that new force posture initiatives directly support an explicit and shared vision for the future of the bilateral security relationship • Ensure that new force posture initiatives address the interests of partner countries and contribute to official and public perceptions of a mutually-beneficial partnership • Pursue an evolutionary approach that takes incremental steps, avoiding rapid and large-scale initiatives even if viable at particular moments in time |
| <i>Building comprehensive bilateral relationships, including diplomacy and economics</i> | <ul style="list-style-type: none"> • Ensure that U.S. policymaking, negotiations and engagement on posture issues are done within the broader context of alliance management, active diplomacy and official White House guidance • Take an inclusive and transparent approach to engaging partners on force posture issues across a broad spectrum of political actors, including lawmakers, opposition figures and local communities. • Maintain robust and reliable high-level U.S. engagement with regional states and institutions, and couple force posture announcements and activities with investment, trade and development initiatives |
| | <ul style="list-style-type: none"> • Ensure that force posture initiatives contribute directly to ASEAN- |

⁶ Ely Ratner, “Resident Power: Building a Politically Sustainable U.S. Military Presence in Southeast Asia and Australia,” Center for a New American Security, October 2013, http://www.cnas.org/files/documents/publications/CNAS_ResidentPower_Ratner.pdf.

| | |
|---|--|
| <p><i>Advancing U.S. regional strategy and multilateral cooperation</i></p> | <p>centered and other region-wide activities, using multilateral mechanisms to engage China and manage U.S.-China competition.</p> <ul style="list-style-type: none"> • Take measures to reduce the likelihood that crises involving U.S. allies and partners occur because of accidents, incidents and miscalculation • Develop a coordinated communications strategy for audiences in partner countries and the region |
|---|--|

8. Continue to underscore the U.S. commitment to Southeast Asia

Despite the official U.S. policy of rebalancing to Asia, there continue to be lingering doubts in the region about the long-term commitment of the United States. This stems from any number of sources including continued U.S. attention to the Middle East, concerns about the effects of sequestration on America’s military presence and power in Asia, grand strategic debates that question the utility of an internationalist U.S. foreign policy, and the many effects of China’s rise.

An intensification of these perceptions will undermine U.S. interests by causing allies and partners to question the utility of working more closely with the United States, while also diminishing U.S. influence in regional institutions and potentially encouraging countries to engage in acts of aggression or provocation that they otherwise would not.

Some degree of doubt about the credibility of the U.S. commitment is inevitable, but the Administration should make a concerted effort to counter the misperception that the U.S. rebalancing to Asia is wavering or hollow. This can begin with statements by President Obama about the importance of the Asia-Pacific region and a clearer articulation from the Administration about the intent, achievements and future of the rebalancing strategy. The Administration can also more clearly articulate how defense cuts will and will not affect U.S. posture and presence in Asia, which is particularly important in the wake of the release of the Quadrennial Defense Review.

Conclusion

Deepening U.S. engagement in Southeast Asia should remain a U.S. priority in the years and decades to come. Doing so effectively will require navigating diversity, dynamism and uncertainty in the regional security environment, all of which are being amplified by the rise of China. The foundation of U.S. defense policy will remain a strong U.S. military presence that is supported by treaty alliances and security partnerships, but this will have to be complemented by a multi-faceted strategy that includes economic engagement and greater attention to building a rules-based regional security order.



Biography

Dr. Ely Ratner

Senior Fellow and Deputy Director of the Asia-Pacific Security Program, Center for a New American Security

Dr. Ratner is a Senior Fellow and Deputy Director of the Asia-Pacific Security Program at the Center for a New American Security (CNAS). His current research and writings focus on the U.S. rebalancing to Asia, the future of China's national security strategy, and maritime disputes in the Asia Pacific. Prior to joining CNAS, he served on the China Desk at the State Department as the lead political officer covering China's external relations in Asia. He has also worked as a Professional Staff Member on the U.S. Senate Foreign

Relations Committee and an Associate Political Scientist at the RAND Corporation, where he conducted research on Chinese foreign policy, the People's Liberation Army (PLA), and U.S. military alliances with Japan and South Korea.

Dr. Ratner's commentary and research have appeared in *Foreign Affairs*, *Foreign Policy*, *The Washington Post*, *The New York Times*, *The Wall Street Journal*, *The Washington Quarterly*, *The National Interest*, *Journal of Conflict Resolution*, *International Studies Quarterly* and *Chinese Journal of International Politics*, among others.

He received his Ph.D. in Political Science at the University of California, Berkeley and his B.A. from the Woodrow Wilson School of Public and International Affairs at Princeton University, where he graduated Magna Cum Laude and Phi Beta Kappa.