THE US AND CHINA IN ASIA: Mitigating Tensions and Enhancing Cooperation
The U.S. and China in Asia: Mitigating Tensions and Enhancing Cooperation

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Diminishing Returns in U.S.-China Security Cooperation
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Introduction

U.S.-China relations have entered a period best characterized as an era of increased tension with aspects of strategic competition. Despite what President Trump has called the “great chemistry” between him and President Xi, the two countries are escalating disagreements over issues such as trade, the North Korean nuclear and missile programs, and the South China Sea.¹

The United States trade deficit with China rose to a record $419 billion in 2018, with the United States importing only a third of what China was exporting. To protect American manufacturing and to stop “unfair transfers of American technology and intellectual property to China,” Trump imposed three rounds of tariffs on Chinese products in 2018, the most recent in September on over $250 billion worth of goods. Moreover, the U.S. is specifically targeting high-tech Chinese goods to put pressure on Beijing’s Made in China 2025 plan, and China is deliberately targeting U.S. agricultural products such as soybeans.

On North Korean security issues, China consistently condemns Kim Jong-un’s nuclear ambitions and supports the UN Security Council’s sanctions on North Korea. Despite its promises, however, China slowly relaxed its sanctions over the summer of 2018, conducting illicit ship-to-ship transfers of oil and allowing North Korean workers to return to jobs inside China. This softened stance has made it extremely difficult for the

Trump administration to keep up its economic pressure on North Korea to stop building nuclear weapons.

Finally, in the East and South China Seas, unsafe air encounters and U.S. freedom of navigation operations (FONOPs) are points of serious contention between the two countries. China’s maneuvers in these waters have grown increasingly aggressive. In October, an unidentified Chinese destroyer came within 45 feet of the USS Decatur as it was conducting a routine freedom of navigation operation, in what is described as an “unsafe and unprofessional maneuver.”

Each side blames the other for this multifaceted state of tension. From the United States’ perspective, China’s failure to uphold international trade norms and make structural economic reforms to support foreign investment is an indication that China does not intend to abide by international economic law. Moreover, China’s continued trade with and support of North Korea and its island building in the South China Sea contribute to Asian-Pacific regional instability.

On the flip side, China considers U.S. arms sales to Taiwan, the U.S.’s inflammatory rhetoric regarding North Korea, and the “unnecessarily provocative” U.S. freedom of navigation operations in the East and South China Seas to be the main culprits for the escalating strategic competition. That is, in China’s view, its island building and continued North Korean missile tests are responses to the U.S. presence in the Asia-Pacific. Moreover, China alleges that the United States itself does not abide by international economic law; for instance, China has recently accused U.S. antidumping regulations of failing to comply with World Trade Organization obligations.

The U.S. has begun to respond to what it sees as increasing Chinese assertiveness on the international stage, characterizing its relationship with China as “great power competition” in the National Security Strategy (NSS). On January 19, 2018, the U.S. Department of Defense (DOD) released a new National Defense Strategy (NDS) that built on the NSS. The new NDS reanalyzed the global strategic environment, changing the DOD’s top strategic priority from counterterrorism to countering China and Russia. During his presentation of this strategy document, former secretary of defense James Mattis declared that “great power competition, not terrorism, is now the primary focus of U.S.

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On May 4, the DOD announced the decision to redeploy the previously inactive Second Fleet in the Atlantic, the first military action carried out in support of the new defense strategy.

The document received wide attention in China. Ministry of National Defense spokesman Ren Guoqiang criticized the DOD for its Cold War narrative that painted China as a rising revisionist power and international relations as a zero-sum game. Ren labeled China the protector of global peace and a contributor to international development, arguing that its military buildups in the South China Sea have no offensive purpose. Referring to the U.S. as “some country,” Ren also characterized U.S. policy as expansionist and imperialist and called the U.S. the propeller of regional militarization. The Ministry of Foreign Affairs adopted a similar tone, calling the U.S. report an intentional distortion of China’s national defense policy and a fundamental mistake.

China has also accused the United States of starting “the largest trade war in economic history” and “trade bullying,” punching back against Trump’s latest round of tariffs on $200 billion of Chinese imports with tariffs on $60 billion of American goods. The United States, for its part, maintains that its tariffs serve to protect its businesses from unfair transfers of American technology and intellectual property theft originating in China.

Despite these tensions, China and the United States have increased their cooperation and strengthened their bilateral ties through international institutions and joint agreements. On a multilateral level, the United States and China agreed to sea drills with other Southeast Asian states at the Association for Southeast Asian Nations (ASEAN) Summit in Hanoi in November 2017. While trade tensions have undeniably increased, the two sides are working diligently towards a trade deal. Moreover, U.S. and Chinese national institutions are taking steps toward working together more closely. Consider, for example, the U.S. Drug Enforcement Administration’s work with China to combat the illicit transfer and sale of fentanyl, or the U.S.-China Joint Staff Dialogue Mechanism to increase military-to-military communication and avoid misunderstandings in the South China Sea.

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DIMINISHING RETURNS IN U.S.-CHINA SECURITY COOPERATION

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It is within this context of cooperation and competition that this paper evaluates ways in which the two sides can enhance cooperation in the security realm. First, I lay out the current status of U.S.-China cooperation in the diplomatic, economic, and military spheres. I then discuss three key assumptions that drive the desire to enhance cooperation.

The Status of U.S.-China Cooperation

The United States and China cooperate on global issues in which they share common interests, such as climate change, global health, and counterterrorism. On climate change, in September 2016 President Barack Obama and President Xi Jinping committed their countries to the Paris climate agreement to reduce greenhouse gases. The agreement appropriated financial flows, created a new technology framework, enhanced capacity-building frameworks, and increased transparency for tracking greenhouse gas emissions. Although President Trump withdrew the United States from the agreement when he took office in 2017, China maintains its commitment under the Paris Agreement to increase the percentage of non–fossil fuels in its energy use, to substantially lower its carbon intensity in the coming decades, and to peak its carbon emissions by 2030.

On the issue of global health, the Ebola epidemic of 2014 inspired China and the U.S. to work together primarily in Africa. The two countries have agreed to increase their cooperation with the African Union to support new Africa Centres for Disease Control and Prevention in Ethiopia, Egypt, Nigeria, Kenya, Zambia, and Gabon. China and the U.S. have also dedicated support to African healthcare capacity building and to the establishment of disease research centers.9 Beijing has been pushing for health cooperation as a part of its foreign policy; in January 2017, China and the World Health Organization (WHO) signed a memorandum of understanding on health issues within China’s Belt and Road Initiative.10

On counterterrorism, China is a permanent member of the UN’s Counter-Terrorism Committee and has signed multiple statements with counterterrorism components at regional forums, including ASEAN, the Asia-Pacific Economic Cooperation (APEC) forum, ASEAN Plus Three, and the Shanghai Cooperation Organisation (SCO).11 Through multilateral platforms such as the United Nations, the U.S. and China contribute to peacekeeping and often cooperate on African security affairs. China now

contributes more peacekeeping forces than any other UN Security Council member, maintaining approximately 2,654 personnel in Africa and the Middle East. Moreover, the U.S. and China have consistently held bilateral counterpiracy exercises in the Gulf of Aden and the Horn of Africa to promote cooperation and strength.

Despite the escalating trade dispute between the Trump administration and China, economic cooperation between the U.S. and China is robust at the state level. Several U.S. states and private businesses are engaging Chinese sectors in innovation, technology, and other business. In September, Michigan signed a memorandum of understanding with China’s Ministry of Science and Technology to jointly develop and share autonomous vehicle technology. Former mayor of Chicago Rahm Emanuel visited China last summer in an effort to sign a $1.3 billion deal for a Chinese company to build railcars in his city. California is working with China and Chinese companies to address climate change and green energy. U.S. states are seeking opportunities to engage China’s financial market, and China is making an increased effort to cooperate with U.S. states, despite rising tensions on the federal front. In early November 2018, President Trump and Xi Jinping had a long phone conversation on trade issues in preparation for the upcoming G20 summit in Argentina, signaling that the two countries may be ready to de-escalate the trade war.

There has also been limited cooperation on cybersecurity. In September 2015, Presidents Obama and Xi publicly agreed that neither government would support or conduct cyber-enabled theft of intellectual property. The two leaders also agreed to create a group of senior experts to discuss “appropriate norms of state behavior” in cyberspace. While the full text of this agreement has yet to be released, it is said to cover “how law enforcement and investigators work together, how the [two countries] exchange information, and how [both countries] will go after individuals or entities who are engaged in cybercrimes or cyberattacks.”

16. “President Xi Jinping’s State Visit to the United States,” White House, Office of the Press Secretary,
In October 2017, China and the U.S. met for the first U.S.-China Law Enforcement and Cybersecurity Dialogue, during which both sides committed to continue their implementation of the consensus reached by Obama and Xi on U.S.-China cybersecurity cooperation. Though the effectiveness of the agreement has been debated, a significant drop in Chinese hacks against American companies has been observed, and both countries have agreed to participate in future dialogues on cybersecurity issues.

The United States and China continue to build military relations focused on creating sustained and substantive dialogues through participating in policy discussions and senior leader engagements, promoting risk reduction, diminishing misunderstandings and miscalculations, and building concrete cooperation. In June 2017, the Secretaries of State and Defense of both countries hosted the inaugural U.S.-China Diplomatic and Security Dialogue in Washington D.C., a high-level framework launched by Trump and Xi to deepen diplomatic and security cooperation. A series of high-level exchanges with senior leadership from both countries has continued since then.

In addition, the Chinese and U.S. militaries have conducted workshops and exercises together. In May 2017, The U.S. Pacific Fleet submarine force hosted the first submarine rescue workshop with the People’s Liberation Army Navy (PLAN) in San Diego, California. In November 2017, the DOD worked with the People’s Liberation Army (PLA) in a Disaster Management Exchange in a Multinational Coordination Cell, working on reducing risk. Finally, the countries have conducted ship visits and exercises to promote trust between the two sides and improve their ability to coordinate the provision of international services in areas of mutual interest, such as counterpiracy operations, search and rescue missions, and humanitarian aid and disaster relief. China also participated for the first time in the Rim of the Pacific (RIMPAC) exercises in 2016, but was then disinvited in 2018 due to its continued militarization of the South China Sea. In the month prior to the exercise, China had successfully landed an H-6K strategic bomber on the disputed Woody Island in the Paracels and deployed electronic warfare equipment and possibly surface-to-air missiles in the Spratly Islands.

There is one area in which the two sides have cooperated on a sensitive regional security issue: North Korea. Because Beijing and Washington both prefer denuclearization and peace on the Korean Peninsula, they participated in the diplomatic efforts known as the Six-Party Talks, from which North Korea withdrew in 2009. Though the U.S. and China often disagree on the best approach, China has worked with the U.S. and the UN on sanctions to pressure North Korea to curb its nuclear ambitions. Despite the negative


impacts on Chinese businesses, China has clamped down on trade with North Korea, imposing a cap on oil supplies and banning imports of North Korean steel and coal. The latest round of UN sanctions in December 2017 added new restrictions on refined petroleum, crude oil, helicopters and vessels, coal, iron and iron ore, and other manufacturing goods exports to North Korea. With these restrictions, North Korea is now limited to less than 4 million barrels (525,000 tons) of crude oil, less than 500,000 barrels of refined petroleum products, as well as restrictions on goods such as textiles, food and agricultural products, and electrical equipment. The new round of sanctions also imposes freezes on funds owned or controlled by the North Korean government and the Workers’ Party of Korea, and calls for the repatriation of North Korean nationals. In recent months, however, China has been steadily relaxing its restrictions on trade with North Korea and suggesting sanctions relief for the country as diplomatic talks make progress toward denuclearization.

Key Assumptions about Enhancing Cooperation

Because the United States and China are two of the most prosperous and powerful countries in the international system, scholars and strategists alike have often called on them to increase their cooperation. Some argue that this cooperation can spring from necessity. For example, former assistant secretary of defense, Joseph Nye, has argued that “in the long run, the US and China have much more to gain from cooperation … [in areas such as] climate change [or other problems that] no country can solve … alone.” Economist Martin Wolf also sees China as a “vital and essential partner [in] maintaining the stability of the world economy and managing climate change” and suggests “balanc[ing] China’s power where necessary, while co-operating with it where essential.”

However, a number of assumptions must be considered before the two sides attempt to deepen or expand their cooperation on certain issues.

**Assumption #1: Cooperation in some areas will lead to reduced tensions in others.**

Specifically, the assumption is that the two countries should establish greater cooperation in less contentious (but also less important) areas, and that such partnerships will facilitate cooperation in the contentious areas that are currently driving the tension in

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the U.S.-China relationship. This strategy would work if the source of tension were strategic distrust; in this case, more dialogue and interaction could mitigate this obstacle. But my view is that the problems in the U.S.-China relationship are primarily the result of conflicting fundamental interests, not misunderstandings. Therefore, cooperation in areas such as global health or humanitarian assistance is unlikely to lead to breakthroughs in dealing with the critical security challenges in the South China Sea, East China Sea, Taiwan, and North Korea. This does not mean that the two sides should not pursue cooperation when possible, but we must adjust our expectations and strategies. The United States should consider working more closely with China when Chinese involvement decreases the costs and/or increases the likelihood of success of a particular U.S. policy. In other words, cooperation is not a good in itself, but a means to accomplish specific policy goals.

Assumption #2: There are more benefits than downsides to cooperation when it can be achieved.

It is true that in some situations, the benefits of cooperation outweigh the costs. Currently, however, the goal of cooperation seems to be simply greater Chinese involvement. In pursuing this goal, insufficient consideration is given to Chinese capabilities, tactics, and preferences. In some spaces, like global health, Chinese involvement is crucial because of the transnational nature of the threat. But in other spaces, like counterterrorism, China’s involvement depends largely on its capabilities and preferences. There are two situations in which it would be better to discourage Chinese involvement: first, when China has the capability to contribute but its goals conflict with those of the United States, and second, when China shares the goals of the United States but possesses limited capability. In the security realm, operational missteps can worsen a situation on the ground. In these two situations, then, the United States should encourage China to free ride. Only when Chinese preferences and capabilities can advance U.S. policy goals should the United States encourage greater Chinese involvement. An exception is when China is already involved, in which case the United States may pursue cooperation as a means to shape the nature and degree of that involvement.

Assumption #3: The best mechanism to improve the U.S.-China relationship is cooperation.

Cooperation is defined as the process of working together for greater aggregate benefits in a situation in which actors have conflicting interests. But another mechanism is coordination, a situation in which states share a desired outcome and can achieve higher utility if they choose the same strategy. And then there is deconfliction, a situation in which neither side benefits from working together or choosing the same strategy, but they both benefit from ensuring that their independent policies have no negative impact on the other. We unnecessarily narrow the prospects for U.S.-China relations when we focus only on cooperation. Deconfliction, for example, is desirable for military operations to ensure that our forces do not unnecessarily come into contact with each other on
the Korean Peninsula or in the South or East China Seas. Notification of operations and exercises, coupled with military dialogues and exchanges, could reduce the likelihood of accident. When coordination is used, there is a lower likelihood of operational risk if China operates separately from the United States.

Cooperation: A Path Forward

Bilateral cooperation is unlikely on the most contentious security issues, such as Taiwan, the South China Sea, and the East China Sea. The United States does not want to strengthen China’s ability to accomplish its goals in these areas, which clash with U.S. interests. Moreover, cooperation in less contentious areas is unlikely to help build positive momentum to address long-standing security issues. The exception is contingencies on the Korean Peninsula, where extensive Chinese military involvement would benefit the United States. Planners in Washington should note that in the event of regime collapse in North Korea, Chinese forces are likely to make it to North Korea’s nuclear sites long before U.S. forces because of advantages in geography, force posture, manpower, and early warning. This significantly reduces the likelihood of nuclear use against the U.S. or allied countries or their forces. China could identify sites with the help of U.S. intelligence, secure and account for the material at those sites, and invite international experts to aid it in rendering the sites safe and dismantling the weapons. The United States, meanwhile, could lead multilateral efforts to intercept nuclear materials at sea, in the air, and overland, and to guarantee the accounting, safe storage, and disposal of such materials.

While I am skeptical about the feasibility and desirability of cooperation on the most contentious security issues, the two sides could enhance their consultation about these issues to ensure that their policies are not unnecessarily provocative or harmful to the other country. For example, the United States could give China prior notification of some of its exercises or operations (though not all, given that some are designed to conduct surveillance and reconnaissance). China could allow U.S. observers to tour the facilities on its man-made islands. In other words, the two sides could enhance their communication and dialogue about what they are doing, even if they refuse to make significant changes to their policies. These efforts would have to be bilateral; the United States’ patience with the one-sided nature of U.S.-China cooperation has come to an end. In the words of Vice President Mike Pence, “Today, America is reaching out our hand to China. And we hope that soon, Beijing will reach back with deeds, not words, and with renewed respect for America. But be assured: we will not relent until our relationship with China is grounded in fairness, reciprocity, and respect for our sovereignty.”

Both sides could also broaden the scope of U.S.-China military exchanges to reflect the PLA’s increasingly routine presence abroad in new areas. This would enhance the United States’ ability to shape PLA involvement to complement U.S. policy objectives. For example, it is likely that in the future, U.S. naval forces will have greater (or even routine) interaction with the PLAN in the Indian Ocean and Mediterranean Sea, and that U.S. ground forces will increasingly encounter PLA ground forces through peacekeeping actions and potentially in counterterrorism and stability operations.

In August 2017, the United States and China put into place a joint strategic dialogue mechanism agreement. This agreement, while touted as a discussion intended for crisis mitigation, can more accurately be described as a framework for dialogue between the two countries’ military staffs to complement existing dialogues like the Military Maritime Consultative Agreement. While the details have yet to be clarified, this agreement aims to help the U.S. and Chinese militaries establish direct contact to “mitigate the risk calculations of tactical actions having an adverse strategic consequence.”

But U.S.-China military exchanges need to reflect this larger mission by expanding beyond U.S. Pacific Command to include the combatant commanders responsible for U.S. Central Command, Africa Command, and European Command. These exchanges should focus on confidence building, awareness of operational methods to mitigate the risk of unintended consequences or crises, and military diplomacy. They should connect our attachés around the world to build relationships in areas outside the Asia-Pacific region. Such interactions should also focus on helping China improve its capabilities in areas that complement U.S. policy objectives, such as counterterrorism, stability operations, and the securing and dismantling of weapons of mass destruction, which would also be useful in a North Korea contingency. Cooperation between U.S. and Chinese ground forces—often less complicated than cooperation between the two states’ naval and air forces—would be a good way to expand military exchanges and exercises.

The United States and China have cooperated to establish some rules of behavior in the Asia-Pacific region. For example, the two sides engage in the Military Maritime Consultative Agreement talks, which review “unsafe” air and sea interceptions in the Pacific and ensure the implementation of the 2014 memorandum of understanding (MOU) on air and maritime encounters. However, the 2014 MOU is neither codified in international law nor binding on the parties under international law, and unlike the MOUs the U.S. has signed with Russia on the issue, the 2014 MOU uses optional words like “should” rather than obligatory words like “shall.”


Considering that it has been challenging to agree to (and then implement) standards of behavior in the Asia-Pacific region, it may be easier and more useful to do so outside the region. First, when foreign interests are threatened, the United States should encourage Chinese military involvement if China can contribute. Even with the operational risks, this is the best scenario in which to develop and practice ways to mitigate concerns. Active discussion on the topic among U.S. allies and partners can pave the way for Chinese involvement in multilateral operations in which the PLA has not participated before, or for the use of Chinese surface combatants as part of a multilateral coalition to protect key strategic sea lines of communication (SLOCs) in the event of specific threats. Combined operations could also produce positive externalities, such as increased professionalism, trust, and transparency on the part of the PLA. Welcoming China as a team player lowers the risk that the PRC will strike out on its own as a vigilante, which would likely lead to poor outcomes for the United States. Also, allowing China to free ride on the efforts and resources of others sets a bad precedent and squanders an opportunity to shape Chinese behavior to fit into the responsible stakeholder model.

Second, when Chinese interests are targeted and U.S. interests are not at stake, the United States should try to influence China’s choices and actions to minimize unintended consequences and negative effects. Such efforts could include rallying U.S. allies and partners to back Chinese action to resolve a security issue, depending on the specific situation. They might also include using the lack of foreign support for PLA involvement to attempt to tip China’s calculus in the direction of pursuing nonmilitary options. The key is to understand the situation and the pressures on the PRC leadership, including domestic public opinion, well enough to shape an activist China or, if that seems unlikely, to prevent China from acting as a vigilante.

Third, the United States should take advantage of opportunities for closer international relationships as China expands its expeditionary capabilities. Reactions from other regional states, such as Japan and India, indicate that China’s expeditionary capabilities are creating some angst. India is certainly watching the PLAN to see if it will establish a routine naval presence in the Indian Ocean, and Japan will undoubtedly encounter the PLA under new legislation that allows the Japanese military to deploy overseas. In India’s case, New Delhi might welcome a closer U.S.-India military relationship, particularly with regard to surveillance assistance in the Indian Ocean and the tracking of Chinese submarines, if the PLAN continues regular deployments in the area. Allies such as Japan or Australia should take part in the discussion on how to react when both the PLA and the broader community are likely to become involved in a contingency, how to mitigate operational risk, and how to encourage China to be a team player.
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