

Chapter 5

China, the U.S. and the shifting balance of influence in East Asia

Security is like oxygen: you tend not to notice it until you lose it. A continued U.S. presence in East Asia provides the oxygen that is so crucial for the region's stability and economic prosperity...the United States must maintain its troops, develop regional institutions, bolster its allies, and remain deeply engaged in Asia.¹

5.1 The previous chapter concentrated on bilateral relations between China and the United States. This chapter takes a broader approach. It focuses on the complex web of relations in East Asia and how smaller countries in the region, particularly Australia, are accommodating changing circumstances as China and the U.S. work out their relationship.

5.2 For many decades the United States has taken an active interest in maintaining a secure environment in East Asia.² While acknowledging China's growing presence in the region, the U.S. recognises that it needs to ensure that it remains fully engaged with the nations of South-east Asia.³ Deputy Secretary of State, Mr Robert Zoellick, suggested that the U.S. should:

...work together with ASEAN, Japan, Australia and others for regional security and prosperity through the ASEAN Regional Forum and the Asia Pacific Economic Cooperation Forum.⁴

5.3 Despite Mr Zoellick's comment, some analysts argue that America is not paying adequate attention to multilateral fora in Asia.⁵

1 Council on Foreign Relations, Article preview, Joseph S. Nye Jr, from *Foreign Affairs*, July–August 1995.

2 See for example statement by Acting Assistant Secretary of State for East Asian and Pacific Affairs, Rust Deming, Washington File, EPF307 03/08/00, Text: State Official Deming, 8 March on Asia–Pacific Security Issues. He stated: 'Our interest in maintaining a secure environment to allow economies to develop, trade to grow, and democracy to spread has not diminished...in fact the American strategic, political, and economic stake in East Asia has only increased'.

3 For example see testimony of the Hon James A. Kelly, Assistant Secretary, Bureau of East Asian and Pacific Affairs, U.S. Department of State, before the Subcommittee on Asia and the Pacific of the Committee on International Relations, House of Representatives, 108th Congress, Second Session, 2 June 2004, pp. 8 and 11.

4 Robert B. Zoellick, Deputy Secretary of State, 'Wither China: From Membership to Responsibility', Remarks to National Committee on U.S.–China Relations, New York City, 21 September 2005. See also statement by Hon. James A. Kelly, Assistant Secretary, Bureau of East Asian and Pacific Affairs, U.S. Department of State, before the Subcommittee on Asia and the Pacific of the Committee on International Relations, House of Representatives, 108th Congress, Second Session, 2 June 2004, p. 8.

5.4 Against the backdrop of China's growing influence, the following section looks at the current level of U.S. engagement in East Asia and the expectations within the region of the U.S.' role.

United States of America's engagement with ASEAN countries

5.5 The United States participates in a number of consultative meetings with ASEAN, including the ASEAN Regional Forum (ARF) and the Post Ministerial Conferences that immediately follow the ASEAN Ministerial Meetings. According to ASEAN, the meetings:

Offer an opportunity for the U.S. Secretary of State to review contemporary political, security, economic and development cooperation issues affecting the dialogue relations with the ASEAN Foreign Ministers.⁶

5.6 The U.S. has publicly indicated that it is committed to ASEAN and the region.⁷ In June 2004, the Hon. James Kelly, Assistant Secretary of the U.S. Department of State, explained that the continuing development of regional organisations is essential to East Asia:

We have been an active supporter of ASEAN, the Association of Southeast Asian Nations, the ASEAN Regional Forum, the region's only multilateral security dialogue, and APEC, the Asia Pacific Economic Cooperation fora, and have sought to strengthen and build capacity within these organizations.⁸

5.7 According to the Prime Minister of Singapore, Mr Goh Chok Tong, however, the U.S. lost some goodwill in the region following the Asian financial crisis:

5 See for example, Dana R. Dillon and John J. Tkacik, 'China and ASEAN: Endangered American Primacy in Southeast Asia', *Backgrounder no. 1886*, The Heritage Foundation, 19 October 2005. They recommended that 'the U.S. must redouble its political, economic, and security efforts in Southeast Asia to thwart the Chinese juggernaut'. See also, Rizal Sukma, 'US–Southeast Asia after the Crisis: the Security Dimension, Background Paper prepared for the Asia Foundation's Workshop on America's Role in Asia, Bangkok, 22–24 March 2000.

6 ASEAN Secretariat, *ASEAN–US Dialogue*, <http://www.aseansec.org/7728.htm> (accessed 13 December 2005).

7 See for example, the statement by the then United States Secretary of State, Colin Powell, in Hanoi, Vietnam, 26 July 2001. <http://www.aseansec.org/7848.htm> accessed 13 December 2005 and statement by Acting Assistant Secretary of State for East Asian and Pacific Affairs, Rust Deming, Washington File, EPF307 03/08/00, Text: State Official Deming, 8 March on Asia–Pacific Security Issues.

8 Testimony of the Hon James A. Kelly, Assistant Secretary, Bureau of East Asian and Pacific Affairs, U.S. Department of State, before the Subcommittee on Asia and the Pacific of the Committee on International Relations, House of Representatives, 108th Congress, Second Session, 2 June 2004, p. 8.

Fairly or unfairly, the US was perceived to be not forthcoming enough in helping the Southeast Asian countries. The IMF was seen by some as a tool of the US to achieve the latter's objectives.⁹

5.8 Numerous analysts have observed that a major obstacle to strengthening the relationship between the U.S. and ASEAN countries stems from their different priorities in the region.¹⁰ In September 2005, the Malaysian Prime Minister, the Hon. Abdullah Ahmad Badawi, summed up a common perception of the U.S.' engagement with East Asia, and more particularly with ASEAN. He observed that the ASEAN–U.S. dialogue suffers in part from different expectations. In his view, ASEAN expects the U.S. to be an important strategic, economic and development partner as much as a diplomatic one while the U.S. gives a higher priority to ASEAN as 'a strategic partner for political and regional security purposes'.¹¹ He continued:

...the Dialogue between ASEAN and the United States has yet to reach its full potential. May I say that, to improve the Dialogue, the United States has to listen more to ASEAN's concerns and aspirations. The United States must also make efforts to appreciate the 'ASEAN way' of conducting business, which may at times appear slow and sluggish to the United States.¹²

5.9 He noted further that the U.S. had not acceded to the Treaty of Amity and Cooperation, which he emphasised was a 'very important and key document in the life of ASEAN'.¹³ Indeed, ASEAN believes that its dialogue with the U.S. has 'focused more and more on political and security discussions over the years, particularly with the end of the Cold War'.¹⁴

5.10 In keeping with this view, the Hon Edward Masters, Co-Chairman of the U.S.–Indonesia Society, told a U.S. House of Representatives committee that the countries of Southeast Asia:

9 'ASEAN–US Relations: Challenges', Goh Chok Tong, Prime Minister of Singapore, *Keynote speech at the ASEAN/United States Partnership Conference*, New York, 7 September 2000, <http://www.aseansec.org/2918.htm> (accessed 13 December 2005).

10 Robert G. Sutter, 'China's Rise in Asia—Promises, Prospects and Implications for the United States', Asia–Pacific Center for Security Studies, *Occasional Paper Series*, February 2005, p. 6. He stated that 'a number of authoritative commentators have expressed concern over a perceived decline in US influence in Asia on account of US preoccupations elsewhere, military assertiveness, and poor diplomacy, and a concurrent rise of Chinese influence'.

11 'Creating a Better Understanding of ASEAN–US Relations', Statement by the Hon Abdullah Ahmad Badawi, Asia Society Programme, New York, 15 September 2005.

12 'Creating a Better Understanding of ASEAN–US Relations', Statement by the Hon Abdullah Ahmad Badawi, Asia Society Programme, New York, 15 September 2005.

13 'Creating a Better Understanding of ASEAN–US Relations', Statement by the Hon Abdullah Ahmad Badawi, Asia Society Programme, New York, 15 September 2005.

14 ASEAN Secretariat, *ASEAN–US Dialogue*, <http://www.aseansec.org/7728.htm> (accessed 13 December 2005).

...very much want to see the United States remain a part of the picture and a more active part than it is now. They find the United States focused, too narrowly, in their view, on counter-terrorism. Counter-terrorism is important to them also...But they are also concerned about the need for better governance, for removing poverty, for consolidating their democracies...they want to resume rapid economic growth so they can absorb new entrants into the workforce and work off the very large unemployed group.¹⁵

5.11 A former Deputy Undersecretary of Defense, Mr Dov Zakheim, stated in 2000 that the 'American attitude to ASEAN has generally been one of benign neglect'.¹⁶ More recently, U.S. Secretary of State, Dr Condoleezza Rice, was criticised for not attending the last ARF meeting in July 2005, sending her deputy instead.¹⁷ A number of commentators urge the U.S. government to take a more active approach to the ARF and to consider new mechanisms to step up dialogue with ASEAN as a group.¹⁸ This viewpoint, that the U.S. could and should be doing more to strengthen its relationship with East Asia, extends beyond security matters. Some analysts are

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- 15 Statement of the Hon. Edward Masters, Co-Chairman of the U.S.–Indonesia Society, hearing before the Subcommittee on Asia and the Pacific of the Committee on International Relations, House of Representatives, 108th Congress, Second Session, 17 March 2004, p. 70. See also comments by the Hon. James A. Leach, Chairman of the Subcommittee on Asia and the Pacific of the Committee on International Relations, House of Representatives, 108th Congress, Second Session, 2 June 2004, p. 1. He noted the 'sadness and in some cases anger in what many of America's friends in the region view as mistakes in United States policies in Iraq and the Middle East'.
- 16 Dov S. Zakheim, 'The American Strategic Position in East Asia', keynote address to the FPRI conference on 'Flashpoints in East Asia', 12 May 2000. See also comments by Harry Harding, Dean of the Elliott School of International Affairs, 'China as a Liberal Power', USINDO Report, 7 November 2003. He stated that the U.S. 'is viewed as acting unilaterally, as becoming more protectionist and as obsessed with the problem of international terrorism'.
- 17 See for example, Dana R. Dillon and John J. Tkacik, 'China and ASEAN: Endangered American Primacy in Southeast Asia', *Backgrounders*, no. 1886, The Heritage Foundation, 19 October 2005 and ASEAN News Network, 15 November 2005.
- 18 See for example, Statement of Catharin E. Dalpino, Adjunct Professor, Southeast Asian Studies, Georgetown University and the George Washington University, United States Senate, Committee on Foreign Relations, 7 June 2005, p. 7. The Asia Foundation recommended that: 'the U.S. needs to revamp its public diplomacy in Southeast Asia in order to redress the serious deterioration in the public support for the U.S. and its policies', Summary of Findings/Recommendations of the Asian Working Group.

calling on the country to expand or accelerate existing measures in diplomacy, security, trade and cultural exchanges—to 'rediscover its soft power in the region'.¹⁹

5.12 At a time when the commitment of the U.S. to promoting the interests of the region—as distinct from its own narrower strategic pursuits—is under question, China's influence is on the ascendency. Indeed, a number of analysts have compared China's growing sophistication and skill in its foreign diplomacy in the region with the lack of interest by the U.S. One stated that China's charm campaign contrasts sharply with U.S. 'hectoring nanny-ism'; another maintained that while the Chinese diplomatic offensive was 'a thing of beauty', the U.S. had been 'oblivious'.²⁰ The International Institute for Strategic Studies suggested that:

... there is a growing appreciation in the region that US influence is declining as China's grows. Furthermore, while China is an increasingly attractive partner, the Bush administration's war on terrorism has complicated Washington's relations with Southeast Asia.²¹

5.13 Similarly, another analyst noted that China's increasing leadership in the region is acceptable to its neighbours, given China's better understanding of the region's shared priorities. The same observation, however, did not apply to the U.S.:

Japan and Singapore apart, Asian nations clearly are not keen to include the U.S. Asian leaders grumble that Washington does not seem to understand that economic development—not the fight against international terrorism—is at [the] top of the agenda for Southeast Asian governments.²²

5.14 A 2005 survey conducted by the Pew Global Attitudes Project found that positive opinions of the U.S. in Indonesia had plummeted to as low as 15 per cent in 2003, but had rebounded to 38 per cent by 2005. The survey found that the U.S. tsunami aid and relief effort was widely hailed in Indonesia and gave Indonesians a

19 See for example, Testimony, David M. Lampton, Dean of Faculty and Director of China Studies, Johns Hopkins Nitze School of Advanced International Studies and Director of Chinese Studies, The Nixon Center, prepared for the United States Committee on Foreign Relations, 7 June 2005; Statement of Catharin E. Dalpino, Adjunct Professor, Southeast Asian Studies, Georgetown University and the George Washington University, United States Senate, Committee on Foreign Relations, 7 June 2005, p. 7; Dana R. Dillion and John J. Tkacik, Jr, 'China and ASEAN: Endangered American Primacy in Southeast Asia', *Backgrounder*, no. 1886, The Heritage Foundation, 19 October 2005; US-ASEAN Business Council Inc, *ASEAN and its importance to the United States of America, the Urgent need to Look to the Future while Building on the Past*, February 2002.

20 James Castle, 'China's economic surge is an opportunity, not a threat', *USINDO Report*, 7 November 2003.

21 The International Institute for Strategic Studies, 'China, America and Southeast Asia', *IISS Strategic Comments*, vol. 11, issue 1, February 2005. See also, Robert G. Sutter, 'China's Rise in Asia—Promises, Prospects and Implications for the United States', Asia-Pacific Center for Security Studies, *Occasional Paper Series*, February 2005, p. 6.

22 Axel Berkofsky, 'China's Asian Ambitions', *Far Eastern Economic Review*, July 2005, p. 22.

more favourable view of the U.S. Even so, the U.S.' favourability rating is very low when compared to the 73 per cent support rating attributed by Indonesians to China.²³

5.15 To underline his point that U.S. engagement with ASEAN lacks vigour, the Singaporean Prime Minister, Mr Goh Chok Tong, made the following comparisons:

Formal ASEAN India dialogue relations were established in 1995. In the ten years since, 14 ASEAN India mechanisms were established. Formal ASEAN China dialogue relations were established in 1996. In the nine years since, 27 ASEAN China mechanisms at different levels have been established. ASEAN Japan dialogue relations were formalised in 1977. In the 28 years since, 33 ASEAN Japan mechanisms were established. The US ASEAN dialogue relationship was formalised at the same time as Japan's, almost three decades also, but there are currently only 7 ASEAN US bodies and they meet only infrequently.²⁴

5.16 Mr Goh sees the U.S.–China relationship as the key relationship in East Asia: 'If U.S.-China relations are strained, all East Asia is unsettled'.²⁵ He has expressed the view that 'an East Asian architecture that does not have the US as one of its pillars would be an unstable structure'.²⁶

5.17 The International Institute for Strategic Studies emphasised the view that 'in order to maintain its regional influence Washington needs to employ a more coordinated strategy for Southeast Asia'.²⁷ Mr Eric Heginbotham has argued that rather than focus on military issues alone, the United States needs 'to be connected to political and economic realities...to pay more attention to the wider Asian context—

23 The Pew Global Project Attitudes, *American Character Gets Mixed Reviews: U.S. Image Up Slightly, But Still Negative*, 23 June 2005, pp. 2, 11. See also Jean A. Garrison, 'China's Prudent Cultivation of 'Soft' Power and Implications for U.S. Policy in East Asia', *Asian Affairs, An American Review*, Washington, Spring, vol. 32, issue 1, Spring 2005, pp. 25–30. See also, Robert G. Sutter, 'China's Rise in Asia—Promises, Prospects and Implications for the United States', Asia–Pacific Center for Security Studies, *Occasional Paper Series*, February 2005, p. 7. Mr Sutter noted that the U.S. response to the tsunami 'underlined the kinds of options the US can follow to secure influence in Asia'.

24 Goh Chok Tong, 15th Asian Corporate Conference, 'Southeast Asia Rising: A Region Booming among Asia's Economic Giants', 9 June 2005.

25 Prime Minister Goh Chok Tong, 'East Asia after Iraq', *Keynote address*, Asia Society, Washington Center Gala Dinner, 7 May 2003.

26 Goh Chok Tong, 15th Asian Corporate Conference, 'Southeast Asia Rising: A Region Booming among Asia's Economic Giants', 9 June 2005.

27 The International Institute for Strategic Studies, 'China, America and Southeast Asia', vol 11, issue 1, February 2005. See also the Asia Foundation, 'Key findings, America's role in Asia'.

one that is generating underappreciated opportunities to influence political outcomes, as well as creating non-traditional security challenges'.²⁸

5.18 Witnesses to the inquiry also raised concerns about the role of the United States in the region. Professor Paul Dibb, Director of the Strategic and Defence Studies Centre at the Australian national University (ANU), told the committee that the United States has 'taken its eye off the East Asia security ball'. According to Professor Dibb, the U.S.' preoccupation with the war on terrorism and Iraq has left the U.S. distracted, while 'China has been allowed to develop soft sources of power and influence, not least a sphere of influence in South-East Asia'.²⁹

The United States and the EAS

5.19 Concern over the United States' lack of engagement in the region was heightened with the proposal for an East Asia Summit that did not include the United States. Some American political observers have expressed concern that the East Asia Summit (EAS) may become exclusive and inward-looking.³⁰ Mr Drew Thompson of the Centre for Strategic and International Studies suggested that the U.S.' exclusion from the summit may reflect a broader trend of China attempting to marginalise America in the region:

China has continually expressed its intention not to seek hegemony or disrupt international balances, but simply to maintain its 'peaceful rise'. However, not all are assuaged by its reassurances. While China may not significantly degrade Japan's economic influence or the U.S. strategic position in the near-term, China's opaque transactions and unstated intentions are a cause for concern that China is treating the United States and Japan as regional competitors. For example, China's promotion of an East Asian Summit scheduled for November of this year has so far excluded the U.S., which remains the dominant economic and strategic force in the region. This behaviour fuels the feeling in Washington that Beijing is attempting to marginalize the U.S. and ultimately push it out of Asia. Reinforcing this notion, Taiwan (which was not invited to attend the 1955 Bandung conference either) risks being another regional powerhouse excluded from the meeting over ideology.³¹

28 Eric Heginbotham, 'Getting Realism: U.S. (and China) Policy Reconceived', *The National Interest*, no. 69, Fall 2002, Washington D.C. See also Dana R. Dillon and John J. Tkacik, 'China and ASEAN: Endangered American Primacy in Southeast Asia', *Backgrounders*, no. 1886, The Heritage Foundation, 19 October 2005.

29 Professor Paul Dibb, *Committee Hansard*, 13 September 2005, p. 20.

30 See for example, Axel Berkofsky, 'China's Asian Ambitions', *Far Eastern Economic Review*, vol. 168, issue 7, Hong Kong, July/August 2005.

31 Drew Thompson, 'China's Global Strategy for Energy, Security, and Diplomacy', *China Brief*, vol. 5, issue 7, The Jamestown Foundation, 29 March 2005. Mr Thompson is Assistant Director at the Freeman Chair in China Studies, Centre for Strategic and International Studies, Washington D.C.

5.20 In November 2004, the U.S. Deputy Secretary of State, Mr Richard Armitage, indicated that the United States was 'less happy' about the EAS because it is not a member. He noted 'we are a Pacific power, we want to be involved in the Pacific and the life of the Pacific, and we intend to be involved'.³² The following May, he stated that the U.S. would 'oppose overt efforts to block it from participating in the summit', but it would not insist on sending a representative to any meetings because 'it can ask Japan, Australia and other nations to speak for the American side'.³³

5.21 A number of China experts have asserted that, with the U.S. absent, it was important for Australia to participate in the East Asia Summit. For instance, Dr Peter Van Ness of the ANU's Contemporary China Centre told the committee:

What the United States fears is not just being left out but that some sort of strategic arrangement will develop out of that which will not be in their interests and which will not let them in effect play the role that they have been playing so far in East Asia. Australia has important influence here. Colleagues in Japan, for example, talk about Prime Minister Howard as having 'the Crawford connection' and being able to talk to the American administration in ways that many other countries cannot.³⁴

5.22 He accepted that America may not be part of the EAS, but that Australia 'can try to build in a cooperative way a new set of arrangements, including security arrangements, for East Asia'.³⁵

5.23 Even though, at the moment, it is excluded from the EAS, the U.S., as discussed earlier, is a member of numerous major regional fora. In noting the establishment of regional organisations, 'several of which exclude the United States', Mr Kelly told a U.S. House of Representatives' Committee that:

...we need to strengthen the organizations in which we are a member, such as the ARF, ASEAN and APEC.³⁶

5.24 This observation is pertinent in light of some of the criticism levelled at the U.S. for failing to give adequate attention to the region. As a respected and strong ally of the U.S., Australia is well placed to support and encourage the U.S. to maintain an active presence in the region.

32 US Department of State, Office of the Spokesman, Interview, Deputy Secretary of State, Richard L. Armitage with Takao Hishinuma of Yomiuri Shimbun, 30 November 2004. International Information Programs, USINFO.State .Gov.

33 'Panelists Urge Japan, China to Pursue Dialogue', *Nikkei Net Interactive*, 27 May 2005.

34 Dr Peter Van Ness, *Committee Hansard*, 13 September 2005, p. 12.

35 *Committee Hansard*, 13 September 2005, p. 13.

36 Prepared statement of the Hon. James A. Kelly, Assistant Secretary, Bureau of East Asian and Pacific Affairs, U.S. Department of State, Hearing before the Subcommittee on Asia and the Pacific of the Committee on International Relations, House of Representatives, 108th Congress, Second Session, 'U.S. Policy in East Asia and the Pacific, 2 June 2004, p. 14.

Committee view

5.25 The committee believes that Australia must do its utmost to encourage the United States to remain constructively engaged in the region. While the committee has stressed the important role that the United States has in APEC, it believes that Australia should also encourage the United States to demonstrate its support for the broader objectives of ASEAN—including the ARF—and to build a more visible and credible presence in the region.

Recommendation 2

5.26 The Australian government, through its good relations with the United States, encourage the United States to use its influence more effectively in the region, and in so doing, to improve its relationship with ASEAN and its member countries.

Triangular relations involving China and the U.S.

5.27 As noted in chapter 2, countries in the East Asian region are endeavouring to maximise the benefits deriving from their relationship with China, but are at the same time taking measures to guard against a potentially more assertive or demanding China. One of their major apprehensions is that relations between China and the United States may sour.

5.28 They are keen to see China and the United States enjoy positive relations: they do not want to be placed in a position where they may have to take sides. As Singapore's Minister for Foreign Affairs, Mr George Yeo, noted: 'the greater the number of major powers in our house, the more comfortable our lives would be, the greater will be the opportunities available to each and every one of us'.³⁷

5.29 Noting the predicament of being caught in the middle of a possible superpower rivalry, Dr Van Ness submitted that:

The vast majority of countries in the region find themselves in a similar situation: they have good relations with both, and don't want to have to choose either the US or China.³⁸

5.30 Dr Richard Ellings, President of the National Bureau of Asian Research, told a U.S. House of Representatives' Committee on International Relations that China's rise is 'exerting a gravitational pull felt throughout Asia'. He stated further that '[N]ot knowing the future of Chinese power or America's commitment in the region, many Asian nations are hedging by increasingly seeking accommodation with both power

37 Ministry of Foreign Affairs, Singapore, Remarks by Singapore Minister for Foreign Affairs, George Yeo, in Parliament on Strategic Overview, 4 March 2005.

38 Dr Peter Van Ness, *Submission P22*, p. 1.

centers'.³⁹ Indonesia is a good example, having signed a 'strategic partnership' with China in April 2005 while pursuing the re-establishment of military to military contacts with the U.S.⁴⁰

5.31 However, Dr Ron Huisken, a Senior Fellow at the ANU's Defence and Strategic Studies Centre, has observed that 'choosing between the US and China is the common nightmare in East Asia, something to be avoided if at all possible'.⁴¹ Similarly, Professor David M. Lampton, director of China studies at Johns Hopkins University's School of Advanced International Studies, has argued:

China's rise, therefore, is forcing many of our traditional allies in the region and farther afield increasingly to balance their interests with Beijing against their interests with Washington. Most Asian countries do not wish to be forced to choose between the two. As China becomes a bigger security and economic player, and if it continues with its trade and smile diplomacy, alliances that initially were directed against the PRC, and more recently designed to maintain balance and reassurance in the region, will become progressively less effective unless they adapt.⁴²

5.32 Australia confronts the same challenge. Mr Peter Jennings, Director of ASPI, defined Australia's relations with the U.S. and China in terms of 'hedging' and 'bandwagoning':

...there is still a degree of uncertainty in the region about the ultimate shape of China's disposition to use power. And, really, we will not know the answer to that question until we get there. But all of these multilateral, trilateral and bilateral moves to one degree or another reflect the region becoming more alive to the need to work out how we can either hedge, by cooperating with the Americans, or bandwagon, by cooperating with the Chinese.⁴³

5.33 The following section considers Australia's position in the context of the China–U.S relationship in the region.

39 Statement of Dr Richard J. Ellings, President, National Bureau of Asian Research, The Subcommittee on Asia and the Pacific of the Committee on International Relations, House of Representatives, 108th Congress, Second Session, 17 March 2004, p. 14.

40 Professor Chung Min Lee, 'China's Rise, Asia's Dilemma', *The National Interest*, Fall 2005, pp. 93–94.

41 Dr Ron Huisken, 'The Future of the US Military Presence in East Asia', updated version of a paper first prepared for a conference sponsored by the U.S. Department of State, Washington D.C., 9 October 2003, the Australian National University, 2004, pp. 6 and 10.

42 Professor David M. Lampton, Dean of the Faculty and Director of China Studies, Johns Hopkins Nitze School of Advanced International Studies and Director of Chinese Studies, the Nixon Center, 'What Growing Chinese Power Means for America'. Prepared for United States Senate Committee on Foreign Relations hearing, 7 June 2005.

43 Mr Peter Jennings, *Committee Hansard*, 13 September 2005, p. 17.

Maintaining healthy relations with two superpowers

5.34 China's rise has rendered Sino–U.S. relations one of the most important considerations in Australia's foreign policy. Along with many countries in the East Asian region, Australia shares the desire to see China and the U.S. manage their relationship in a way that will encourage a stable and economically prosperous region. As noted earlier, however, as China's influence grows, uncertainties about the shift of power in the region are emerging. There are concerns that China may ultimately seek to dominate the region and that the United States and China may compete for power there, rather than cooperate to bring stability and economic prosperity.

5.35 Australia's efforts to balance its relationship between prospective 'peer' superpowers has to date consisted of maintaining the best possible relations with both nations and hoping that zero-sum choices between them will not need to be made. The future health of the relationship between China and the U.S. will have significant implications for Australia, particularly given our close strategic ties with the U.S. and the trade benefits derived from China's economic growth.

5.36 Despite the clear economic compatibility and recent warm political relations between Australia and China, potential difficulties remain. Most significantly for Australia, China's emerging influence across East Asia is inextricably linked with the influence of the U.S. in that region. As a close strategic ally of the U.S., Australia's positive political relationship with China will be significantly dependant on how these two large nations come to terms with the shifting balance of power in the region. Whether or not Australia can continue to develop a close political relationship with China while maintaining close ties with our foremost ally, the U.S., potentially presents Australia with a most challenging foreign policy issue.

5.37 As a relatively small nation, however, much of this task will be outside Australia's immediate control; it will depend on how China and the U.S. manage their own relationship and their diplomacy with other major Asian nations. For example, the Lowy Institute's Mr Allan Gyngell has noted that successfully meeting the new challenges posed by an emerging China will be somewhat out of Australia's hands and dependent largely on the U.S. and China's own conduct:

For the past 50 years Asia's most important power, Japan, has been a staunch partner of the U.S. Australia has not had to make choices between its principal ally and its most promising market. But it may now face the uncomfortable challenge of having to maintain constructive relations with both Washington and Beijing. Its success in doing this will depend critically on two things: U.S. strategy towards its emerging Asian competitor and China's own behaviour.⁴⁴

44 Alan Gyngell, 'Living with the giants', *Time International* (South Pacific ed.), issue 16, New York, p. 27 and *Time Asia*, 25 April 2005.

5.38 According to Professor Hugh White of the ANU's Strategic and Defence Studies Centre, the Australian government believes that even-handedness is sustainable in managing our relations with China and the U.S., because 'growing strategic competition between U.S. and China is not inevitable'.⁴⁵ The Department of Foreign Affairs, Defence and Trade (DFAT) suggested that China's approach to the relationship favours cooperation over confrontation:

China's leaders recognise that a stable regional security environment is essential for China's economic development. They also recognise that a productive relationship with Washington is in China's interests.⁴⁶

5.39 In a speech to the Lowy Institute in March 2005, the Prime Minister expressed optimism about the future of the U.S.–China relationship:

It would in my strong view be a mistake to embrace an overly pessimistic view of this relationship, pointing to unavoidable conflict. Australia does not believe that there is anything inevitable about escalating strategic competition between China and the United States.⁴⁷

5.40 He added that, from Australia's perspective:

Australia is encouraged by the constructive and realistic management of this vital relationship. We see ourselves as having a role in continually identifying, and advocating to each, the shared strategic interests these great powers have in regional peace and prosperity.⁴⁸

5.41 For Australia, with its long-term ANZUS alliance, the U.S. is properly viewed not as an outside balancer to China, but as an integral and long-standing component of its strategic policy. If Australia is to pursue its ties with Washington and Beijing concurrently, it is obviously in Australia's best interests for cordial and constructive relations between the U.S. and China.

5.42 However, some elements within the current U.S. administration and Congress do not wholeheartedly share this view, instead perceiving China's growing influence in 'zero-sum' terms (see earlier discussion at paragraphs 4.12–4.19).⁴⁹ If this view were to ultimately prevail in Washington, Australia's position would be considerably more challenging.

45 Professor Hugh White, 'Howard's Asian balancing act', the *Age*, 13 April 2005, p. 25.

46 Department of Foreign Affairs and Trade, 'Advancing the National Interest', Foreign and Trade Policy White Paper, Canberra, 2003, p. 80.

47 The Hon. John Howard MP, *Transcript of address to the Lowy Institute for International Policy*, 'Australia in the World', Westin Hotel, Sydney, 31 March 2005.

48 The Hon. John Howard MP, *Transcript of address to the Lowy Institute for International Policy*, 'Australia in the World', Westin Hotel, Sydney, 31 March 2005.

49 See Professor Hugh White, 'Howard's Asian balancing act', the *Age*, 13 April 2005, p. 25.

5.43 Professor White has suggested that Australia needs to negate the prospects of a 'choice' by convincing the U.S. not to force it into making one:

Both Beijing and Washington want to force us to a choice, and we can only avoid that with very forceful, imaginative and effective diplomacy. Howard needs to persuade Washington that it is in America's interests to have a U.S. ally embedded in the new, China-dominated Asia.⁵⁰

5.44 He has stated that Australia is shifting its foreign policy emphasis towards China out of pragmatism:

China is seen as the key to Australia's economic future, and Beijing has made it clear that economic opportunities are conditional on strategic and political alignment. China is using its economic potential to build a sphere of influence, and we are being drawn in by our purse strings.⁵¹

5.45 He also commented that:

For 100 years we have supported American primacy in Asia. Now we seem happy to be drafted into a Chinese sphere of influence that directly challenges that primacy.

That is not necessarily a mistake. Australia has no choice but to adjust our policies to the raw facts of China's growing power.⁵²

5.46 Professor William Tow, Director of the International Studies Program at the University of Queensland, has argued, however, that Australia should not risk undermining its U.S. alliance:

...no Australian government can risk adopting security policies that are at odds with the world's remaining superpower and one that shares a language, a set of liberal values and a historical identity very similar to Australia's own.⁵³

5.47 From the Chinese perspective, public statements on Australia's strategic alliance with the U.S. have been positive. In a February 2005 speech, the PRC's Ambassador to Australia, Her Excellency Madam Fu Ying, stated that China did not view Australia's alliance with the U.S. as targeted at China. She added that it would not 'in any way harm Australia's relations with China'.⁵⁴

50 Professor Hugh White, 'Howard's Asian balancing act', the *Age*, 13 April 2005, p. 25.

51 Professor Hugh White, 'Torn between the panda and Uncle Sam', the *Age*, 23 March 2005, p. 15.

52 Professor Hugh White, 'Torn between the panda and Uncle Sam', the *Age*, 23 March 2005, p. 15.

53 Professor Bill Tow, 'Stand by your mate', *The Diplomat*, Oct/Nov 2004, p. 25.

54 Her Excellency Madam Fu Ying, *Transcript of speech at Australian Strategic Policy Institute*, Canberra, 17 February 2005, http://www.aspi.org.au/pdf/Madame_Fu.pdf (accessed 9 August 2005).

5.48 One aspect of discussions with the committee during this inquiry was Australia's need to be transparent with both China and the U.S. about our allegiances and relations with the other. For example, the Department of Defence's submission stated that:

The U.S.-China relationship will be the key bilateral relationship shaping the strategic environment in the Asia-Pacific region for the foreseeable future. As China continues to view its relationship with Australia, particularly in defence issues, through the prism of our alliance with the U.S., we welcome the opportunity to discuss Australia's involvement in U.S. initiatives of particular interest to China.⁵⁵

5.49 Although Australia's influence over U.S. or Chinese strategic foreign policy is limited, evidence received during this inquiry assessed Australia's options for maintaining healthy political relations with both countries. Professor White has highlighted that on one hand, Australia needs to adjust to the realities of China's emergence, yet on the other, America's continued effective engagement in the region is necessary to Australia's own strategic interests.⁵⁶ How Australia achieves this balance is a difficult proposition, especially with regard to Australia's role as mediator.

Australia as an intermediary?

5.50 Since the visits of the U.S. and Chinese leaders to Australia in 2003, the prospect of Australia actively assisting the two nations to overcome their political tensions has emerged. Having a close strategic alliance with the U.S. and warm political relations with China, Australia may be perceived to hold a unique facilitative position between the two and be able to act as a mediator between them by virtue of an unthreatening middle power status.

5.51 Indeed, this prospect of proactive diplomacy has been widely discussed in the context of Australia's handling of Sino-U.S. tension. For example, Professor Tow has emphasised Australia's strategic importance to China in terms of Sino-U.S. relations:

Australia is...becoming an important strategic conduit between China and the US as those two great powers attempt to manage regional flashpoints such as the Korean peninsula and Taiwan. China covets Australia's natural resources, and appreciates what it views as Australia's greater sensitivity to its irredentism and human rights positions. As Chinese leaders rely on Australia to help modify what they view as excessively hardline US positions, they in turn lend Canberra leverage in its relations with Beijing.⁵⁷

55 Department of Defence, *Submission P9*, p. 6.

56 Professor Hugh White, 'Torn between the panda and Uncle Sam', *the Age*, 23 March 2005, p. 15.

57 Professor Bill Tow, 'Stand by your mate', *The Diplomat*, Oct/Nov 2004, p. 25.

5.52 As noted earlier, Mr Armitage has suggested that Australia, among other nations, could speak for the American side in the EAS. More recently, in July 2005, the U.S. President encouraged Australia to be persuasive with the Chinese on issues over which they differ with the U.S.:

... we can work together to reinforce the need for China to accept certain values as universal—the value of minority rights, the value of freedom for people to speak, the value of freedom of religion, the same values we share.⁵⁸

5.53 At the same press conference, however, the Prime Minister stated:

From Australia's point of view, well, we don't presume any kind of intermediary role. That would be absurd. We have relationships with the United States, which I've talked about and categorised in an unambiguous way. Everybody understands the centrality of that relationship to Australia. The Chinese understand it. But we are unashamed in developing our relations with China, and I am well pleased with the way the economic relationship has developed. And I'll continue to do everything I can in the interests of Australia to ensure that it develops further.⁵⁹

5.54 This occasion was not the first time that Australian leaders have made plain that Australia was not going to speak for the U.S. in the region, nor be the middleman for China and the U.S. Both the Australian Prime Minister and the Minister for Foreign Affairs have downplayed the suggestion that Australia has an honest broker role in East Asia. Prime Minister Howard has clearly stated that Australia's primary role in the region is helping friends.⁶⁰ Minister Downer has also asserted that Australia does not see itself as some kind of broker but as a country that 'promotes its own interests and has a strong alliance with the United States but good relations through East Asia'.⁶¹

5.55 Professor White has suggested that Australia's reluctance to become a U.S.–China mediator stems from the U.S.' unwillingness to separate China's different political and cultural values from its legitimate exercise of power,⁶² where Australia is

58 Transcript of joint press conference between Prime Minister Howard and President Bush, Washington DC, 19 July 2005.

59 Transcript of joint press conference between Prime Minister Howard and President Bush, Washington DC, 19 July 2005.

60 Prime Minister the Hon. John Howard MP, *Transcript*, Interview with Neil Mitchell, Radio 3AW, 17 October 2003.

61 The Hon. Alexander Downer MP, Minister for Foreign Affairs, Doorstop Interview—Australia Group, 18 April 2005.

62 Professor Hugh White, 'Things to chew over for the meat in the sandwich', *Sydney Morning Herald*, 18 August 2005, p. 15.

content 'to build upon the things we have in common and not become obsessed with the things that make us different'.⁶³

5.56 Professor White has written:

[The Prime Minister] acknowledges that China and Australia have different values, but does not agree with [the President] that China's values undermine its claims to regional power. He accepts those claims as legitimate.

5.57 However:

... they [the U.S.] do not accept China's claims for a share of power in Asia, because they believe only countries that share America's values can legitimately exercise such power. Power and values are so deeply intertwined in American thinking they cannot be separated.⁶⁴

5.58 The committee recognises that Australia would be placing itself in a number of potentially awkward diplomatic positions by attempting to act as a go-between for the two countries over their differences. At present, the Australian government can maintain a close relationship with the U.S. without having to confront China on issues of conjecture.

5.59 Notwithstanding this, the Chinese leadership has also indicated that Australia can have a meaningful role to play in assisting this important relationship, particularly with respect to assisting with a resolution of the Taiwan issue. In his November 2003 speech to the Australian Parliament, President Hu Jintao stated:

The Chinese government and people look to Australia for a constructive role in China's peaceful reunification.⁶⁵

Committee view

5.60 The committee believes that Australia must maintain its current position of presenting itself as an independent country whose abiding interest is in ensuring that the region as a whole remains politically stable and secure. It recognises that a cooperative Sino–U.S. relationship is crucial to Australia's own interests in the region, particularly with respect to the U.S.' regional security presence and China's economic opportunities. It believes that Australia, as a friend to both countries, should encourage them, in pursuing their own interests, to place the highest priority on contributing to the stability and prosperity of the region as a whole. The committee again underlines the important role that multilateral fora have in creating an

63 Quote from Prime Minister the Hon. John Howard MP, cited in 'Poised between two giants', the *Australian*, 23 July 2005.

64 Professor Hugh White, 'Things to chew over for the meat in the sandwich', *Sydney Morning Herald*, 18 August 2005, p. 15.

65 President Hu Jintao, Transcript of speech to Australian Parliament, 24 October 2003, <http://www.smh.com.au/articles/2003/10/24/1066631618612.html> (accessed on 18 July 2006).

environment conducive to cooperative and friendly relations that take account of the interests of the region as well as of individual countries.

5.61 The following chapter develops this discussion in the context of China's military modernisation.

