
Towards an Asia-Pacific Alliance

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Coincidentally or not, China's maritime disputes with its neighbours in the littoral have been gaining global attention ever since US President Barack Obama's announcement in January of his country's "pivot" strategy in the Asia-Pacific. The ominous developments are posing a threat to this fastest growing economic region in the world and its vital waterways, confounding diplomatic efforts, rousing hostilities and heralding a geo-political power struggle between the world's two leading economies—the US and China. Anti-Japan street protests are sweeping across China as the two largest economies in Asia spar over a disputed island territory in the East China Sea that each claims as its own. As threats of a naval conflict rise, Japanese companies in China are halting operations as a precaution and many Japanese nationals are reportedly returning home. Chinese Defence Minister Gen Liang Guanglie has warned that Beijing reserves the right to take further action.

The maritime stand-off escalated after two Japanese activists landed on the island on the eve of the anniversary of a politically sensitive incident known as the Mukden, or Manchurian, Incident. This incident of blowing up a railway line in Manchuria, had been staged by Japanese soldiers on September 18, 1931, so as to blame it on dissidents. Japan used it as a pretext for invading northeast China. While the Asia-Pacific has hitherto been driven by commercial interests, this widening unrest in the sea lanes that are the lifeline of this region is compelling the validity of a military front on the lines of the North Atlantic Treaty Organisation (NATO). Much in the manner in which China's growing might is being perceived today, the 28-member grouping had been founded in 1949 in response to the threat posed by the Soviet Union, with its prioritised purpose being to deter Soviet expansionism.

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To lay the foundations of overall peace and stability in the Asia-Pacific, a NATO-like security structure would need to be inclusive, having China within its ambit. Though NATO had been engendered by the determination that only a truly trans-Atlantic security agreement could deter Soviet aggression, an Asia-Pacific defence platform could draw from the treaty's element of cooperation in military preparedness among the allied signatories. NATO had codified their interests by stipulating that "an armed attack against one or more of them... shall be considered an attack against them all." It also empowered any of the allies under attack to take "such action as it deems necessary, including the use of armed force."

The return of the Asia-Pacific to the centre of world affairs is the great power shift of the 21st century. This economically integrated region is traversed by half the world's commercial shipping worth \$5 trillion of trade a year. More than 4.2 billion people live there, constituting 61 per cent of the world's population. And apart from straddling vital supply chains, it holds dense fishing grounds and potentially enormous oil and natural gas reserves, though at present, it is a net importer of fossil fuels. An energy-hungry, export-driven economy that is heavily dependent on raw material and fuel imports, China is keen on buttressing its suzerainty over the regional sea lines of communication (SLOCs) that are critical to the survival of the entire Asia-Pacific community. Apart from investing in port construction in Pakistan, Sri Lanka and Myanmar, Beijing has been extending its military reach in the Asia-Pacific through the establishment of a major surface fleet and nuclear-submarine base on the Hainan Island in the South China Sea and the development of advanced anti-ship ballistic missiles that can target US naval forces in the region. Beijing's claims of sovereignty over almost the entire South China and East China Seas have sparked disputes with its neighbours such as Vietnam, Taiwan, Malaysia, Brunei, the Philippines and, of course, Japan. The bone of contention has been the various island enclaves, not of much value in themselves, but the possession of which would provide continental shelves and exclusive economic zones (EEZ) that extend 200 nautical miles from the low-water shoreline.

China and Japan have contesting claims over the uninhabited island called Diaoyu by China and Senkaku by Japan. The two neighbours have been engaged in a prolonged territorial wrangle over this group of islets, as potentially vast gas and oil fields have been estimated off its shores. Both countries are striving to keep the dispute from spiralling, mindful of their entrenched commercial ties that have resulted in two-way trade reaching a record \$345 billion last year,

China being the biggest trading partner of Japan. Apart from the Senkaku/Diaoyu dispute, China's other competing claims in the region involve those with Vietnam, the Philippines, Malaysia, Taiwan and Brunei which each claim parts of the Paracel and Spratly Island chains, and with the Philippines over the Scarborough/Panatang Shoal in the Philippine Sea that abuts onto the South China Sea.

Though the US has stressed its desire to be neutral, it is conscious of China's military build-up as also the need for freedom of navigation for all countries. It, hence, finds it imperative to raise its already formidable profile in the Asia-Pacific. Its numerous military bases in the region include 17 in Japan and 12 in South Korea, while it also has a presence in Australia, Thailand, the Philippines, Guam and Singapore. Obama's policy of "rebalance" to the Asia-Pacific entails the relocation of 60 per cent of the US' naval assets – up from 50 per cent today – to the region by 2020. The ongoing disengagement of American troops in Afghanistan and Iraq had raised speculation that the Pentagon might also diminish its role across Asia. But in his policy enunciation, the US president affirmed: "As we end today's wars, I have directed my national security team to make our presence and missions in the Asia-Pacific a top priority; as a result, reductions in US defence spending will not – I repeat, will not – come at the expense of the Asia-Pacific." His country's move to downsize its defence budget by \$487 billion over the next ten years will, hence, not come at the expense of "this critical region".

US Deputy Defence Secretary Ashton Carter says the drawdown in Afghanistan will release naval surface combatants, as well as naval intelligence, surveillance, and reconnaissance, and processing, exploitation, and dissemination capabilities, as also more army and marine corps. EP-3 signals reconnaissance aircraft have already moved from CENTCOM (Central Command) to PACOM (Pacific Command). There will be a net increase of one aircraft carrier, seven destroyers, ten littoral combat ships and two submarines in the Pacific in the coming years.

America's military outpost of Guam, the island due south of Japan, is being readied as a strategic hub for the Western Pacific and marines are being forward-stationed there. A full US Marine Task Force will also be established by 2016 in Australia, a key Asia-Pacific partner of the US. The US Air Force will shift unmanned and manned reconnaissance aircraft from Afghanistan to the Asia-Pacific, apart from space, cyber and bomber forces. The question remains whether this "rebalance" is aimed towards containing China's growing economic and military might, or at bolstering American presence in a region of the future. Beijing views Washington's proposal as an attempt to curb Chinese influence

across the region and to embolden countries to brazen out Beijing on the maritime disputes.

The Asia-Pacific region has hitherto enjoyed general peace and prosperity for almost 70 years since the last war. Such stability has led to the convergence of economic and commercial interests in the region. These have driven the creation of such regional groupings like the 10-member Association of Southeast Asian Nations (ASEAN), founded in 1967, and the 21-member Asia-Pacific Economic Cooperation (APEC) forum, formed in 1989. APEC is undoubtedly the premier forum for American economic engagement with the Asia-Pacific. The association's member economies range from the US, Russia, China and Canada to Australia, Japan, Chile and Peru and comprise a market of 2.7 billion consumers that accounts for 44 per cent of world trade and 56 per cent of global economic output.

Six of the US' 10 largest trading partners are in APEC, namely, Canada, China, Japan, Korea, Mexico and Hong Kong. Total US-APEC trade was reportedly worth \$2.3 trillion in goods and services in 2010, accounting for 56 per cent of total American trade. APEC economies purchased \$895 billion, or 60 per cent, worth of last year's US merchandise exports. The region is also the destination for about 40 per cent of US private services exports. These goods and services exports supported an estimated six million American jobs in 2011. The US' concerted force multiplication in the region betrays an intent to forge some sort of a military front like NATO. Among some of the pointers to such an apparatus has been Ashton Carter's statement: "There is no multilateral organisation like NATO in the region. And in the absence of an overarching security structure, the US military presence has played a pivotal role over those last past 60 years, providing nations with the space and the security necessary to make their own principled choices."

Any such development may not happen soon, but it appears inevitable in light of the rising volatility in the region. A rudiment of a NATO-like platform, called the Southeast Asia Treaty Organisation, or SEATO, had been set up in 1954. It was, however, more a political, rather than a military, front against the spread of Communism. And apart from the Philippines and Thailand, there was little Southeast Asian about the rest of its membership that comprised the United States, France, Great Britain, New Zealand, Australia and Pakistan. SEATO had no military functions and ultimately pledged to strengthen the living standards in Southeast Asia, sponsoring meetings and exhibitions on culture, religion and history, before members gradually withdrew and it was formally disbanded in

1977. The similarities between now and at the time of NATO's creation cannot be lost. True, the US and China have very high stakes in their relationship, unlike the state of the Cold War that had riven Washington and Moscow between the end of World War II and the dissolution of the Soviet Union in 1991.

US goods and services trade with China totalled \$539 billion in 2011, though the US registered a record trade deficit of \$295 billion in the process. China is also the largest foreign holder of US debt, owning over \$1.2 trillion in bills, notes and bonds, according to the US Treasury. The Alliance for American Manufacturing, besides, indicates that the growing US trade deficit with China has cost more than 2.7 million American jobs between 2001, when China entered the World Trade Organisation (WTO), and 2011. At the same time, the US State Department's Bureau of Educational and Cultural Affairs notes that the 157,558 Chinese students who enrolled in US universities for the 2010-11 academic year comprised by far the largest group of foreign students, followed by 103,895 from India and 73,351 from South Korea. They included Chinese president-in-waiting Xi Jinping's daughter, who is a student at Harvard. In turn, Washington's "100,000-strong initiative", launched by Secretary of State Hillary Clinton in 2010, aims to increase the number of American students studying in China from 14,000 at present to 100,000 over the next four years.

It was the US that had stewarded the coalescence of NATO. Indeed, the organisation's consolidated command structure, initially based in France and christened SHAPE – Supreme Headquarters Allied Powers Europe – was first headed by US Gen Dwight D Eisenhower, with his appointment as the first Supreme Allied Commander Europe, or SACEUR. The Asia-Pacific front's creation may possibly be spearheaded by Japan, the US or even China.

As more countries chase the world's rapidly depleting resources, territorial disputes will become increasingly inevitable. The China-Vietnam dispute, for instance, is jeopardising agreements signed by Hanoi with the US' ExxonMobil, Russia's Gazprom and India's ONGC Videsh for oil and gas exploration in the South China Sea. The China National Offshore Oil Corporation (CNOOC) has floated global tenders for exploration rights in blocks in the very continental shelf areas where Vietnam has already licensed its own exploratory contracts. India chose to withdraw from its deal with Vietnam in May so as not to antagonise Beijing.

Though India is not a member of either of the two key trade forums in the region – APEC and ASEAN – Washington is keen on having this Asian giant on board owing to its expansive demographic, economic and political profile in the region. Of late, there has been a flurry of visits by key American officials to

New Delhi, starting in May with Secretary Clinton, who pointed to the “closer convergence” of strategic interests between the US and India. She was followed shortly after by Defence Secretary Panetta, who, in turn, was followed by his Deputy, Ashton Carter, and US Treasury Secretary Timothy Geithner. Defence is a key component of the strategic partnership, with some \$10 billion worth of American hardware in India’s pipeline.

With a lot riding on its economic and security relations with both Washington and Beijing, New Delhi is averse to being partisan in the developments in the region. Many other Asian governments would be similarly disinclined, but geo-political compulsions can push countries into decisions they are not comfortable with. With both the US and China being its largest trading partners and as it shares a 3,488-km border with China that has proved to be a difficult neighbour at times, India appears to be caught between the devil and the deep blue sea, in this case, the Pacific.

New Delhi has long taken the stance that it stands non-aligned – being a founder-leader of the 120-member Non-Aligned Movement (NAM) – and is guided primarily by self-interest as it plays its role as one of the world’s largest economies and second most populated country. The Indian economy is the world’s 11th largest by nominal Gross Domestic Product (GDP) and third-largest by Purchasing Power Parity (PPP) and has been widely predicted to be the largest by 2050, overtaking China’s and the US’.

While there are 1.5 million Indians in the US, many of them in high technology and high business, India’s commercial ties with the US are also creating thousands of jobs in America. Bilateral trade last year touched \$57.8 billion, which is much under potential, but India’s is not an export-driven economy. China, however, replaced the US as India’s largest merchandise goods trading partner in 2008, when bilateral trade reached \$51.8 billion. This trend has since sustained, with India’s trade with China totalling \$75.45 billion last year, while with the US, it was \$57.8 billion. India-China trade is now expected to reach \$100 billion by 2015 and the US is hopeful that its trade with India will meet this target even earlier. As she announced America’s renewed engagement in the Pacific during her landmark visit to the region recently, Secretary Clinton told the Pacific Islands Forum in the Cook Islands that “the Pacific is big enough for all of us”. There is a lot of worth in keeping it that way.