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## SOURCES OF TENSION IN THE ASIA-PACIFIC: STRATEGIC COMPETITION, DIVIDED REGIONALISM AND NON-TRADITIONAL SECURITY CHALLENGES

JAMES MANICOM





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Level 2, 40 Macquarie Street  
Barton ACT 2600  
Australia  
Tel: +61 2 6270 5100 Fax: +61 2 6273 9566  
[www.aspi.org.au](http://www.aspi.org.au)



57 Erb Street West  
Waterloo, Ontario N2L 6C2  
Canada  
tel +1 519 885 2444 fax + 1 519 885 5450  
[www.cigionline.org](http://www.cigionline.org)

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## ABOUT THE PROJECT

Begun in late 2012, this two-year project will explore and promote the ways that Canada and Australia can enhance their security cooperation and contribute to more stable regional security environments and governance mechanisms in the Asia-Pacific region.

The region has become an increasingly important area for the Canadian government's international economic priorities. Regional security and stability are prerequisites to achieving these priorities, and given Australia's tremendous success engaging with Asia-Pacific countries from trade and investment through to security, there is no better partner for Canada's own broader engagement in the region.

CIGI and ASPI will explore the possibilities for Canadian and Australian cooperation in promoting strengthened security and regional governance in the Asia-Pacific. It will cover areas such as strategic policy, cooperation in foreign policy and defence initiatives, and closer military-to-military ties. The project will be led by Australian and Canadian co-chairs, advised by a binational council of prominent individuals and officials. The project's research will contribute to discussions at the February 2014 Australia-Canada Economic Leadership Forum in Melbourne. The resulting report will be presented later in 2014 to both Australian and Canadian governments.

As an additional element, CIGI is working closely with two Korean partners — the Seoul Forum for International Affairs and the Asan Institute for Policy Studies — which will host one of the two regional workshops that form part of the project. It is expected that this workshop will also give important insights into the possibilities of Korean engagement with Canada and Australia in ongoing cooperation in the security domain.

## ABOUT THE AUTHOR

James Manicom joined CIGI as a research fellow in August 2012. He is an expert in East Asia, the Arctic and global security, with a specialty in maritime issues. James holds a B.A. in international relations from Mount Allison University and an M.A. and Ph.D. in international relations from Flinders University in Australia.

An interest in military history contributed to James' focus on global politics and security. During his undergraduate studies, he shifted from history to a contemporary study and analysis of international relations, war, peace and stability. While living in China in 2002 and in Australia from 2004 to 2009, James became interested in modern Asian history and security issues, leading to a specialization in Asia-Pacific maritime issues.

Prior to joining CIGI, James studied in Tokyo at the Ocean Policy Research Foundation through a Japan Foundation fellowship. He also taught international relations at the Canadian Forces College, where he still teaches occasionally, and Flinders University. He held a Social Sciences and Humanities Research Council of Canada post-doctoral fellowship at the Balsillie School of International Affairs and remains affiliated with the Asian Institute in the Munk School of Global Affairs at the University of Toronto. James continues to serve as a member of the executive of the Toronto branch of the Canadian International Council.

James' current research focusses on ocean governance and China; it explores the country's changing interaction with the rules and institutions that govern international behaviour at sea. At CIGI, James is contributing to the development of the Global Security Program and working on research projects that explore Arctic governance and East Asian security.

## EXECUTIVE SUMMARY

There are a number of strategic challenges currently affecting the Asia-Pacific. In a period of global uncertainty, China has emerged as a confident and powerful actor, while the ability of the United States to remain the region's hegemonic power has come into question. Maritime boundary claims, regionalism and unresolved Cold War sovereignty disputes are a source of considerable uncertainty. A number of non-traditional security challenges are also emerging, including energy and food insecurity, cyber security and the threat of a climate catastrophe-related humanitarian crisis. Canada and Australia — resource-based economies with a record of bilateral and institutional engagement in the region, and important US allies — have an interest in these challenges, and in ensuring regional strategic stability that promotes economic growth.

## INTRODUCTION

The Asia-Pacific region is undergoing a strategic shift in a period of global uncertainty. China is emerging as a confident and powerful actor, while the United States is perceived as having diminished influence. The region's geography — a predominantly maritime continent composed of several semi-enclosed seas — means that the Asia-Pacific is afflicted with undefined maritime boundaries at a time of growing state interest in rent earned from the sea. Notwithstanding its status as the world's most economically vibrant region, the Asia-Pacific confronts a number of strategic challenges that are the source of considerable uncertainty.

These include:

- the rise of China and its active defence posture and military modernization;
- uncertainties surrounding the capacity and will of the United States to remain the region's hegemonic power;
- overlapping maritime boundary claims that direct regional military spending to naval capabilities;
- the increasingly competitive nature of regionalism and the inability of regional security architecture to build trust between states; and
- unresolved Cold War sovereignty disputes on the Korean Peninsula and across the Taiwan Strait.

The first two challenges will likely define the future of the Asia-Pacific and play out in the latter three challenges, as well as globally. Non-traditional security challenges are also emerging, including energy and food insecurity, cyber security and the possibility of a large-scale humanitarian crisis caused by a climate catastrophe. Canadian and

Australian national interests will be affected by these developments.

## THE RISE OF CHINA

The first strategic shift that is affecting the Asia-Pacific is the rise of China and its concomitant foreign policy posture. Years of trying to assuage regional concerns about its rise have given way, since 2008, to a confidence that makes China less willing to tolerate perceived slights to its "core interests." Debates over China's rise have characterized the country as a revisionist rising power or as a state that owes its dramatic economic development to the liberal international system — it is both (Christensen, 2006; Friedberg, 2005). Beijing has downplayed its rise by characterizing it as "peaceful" while also emphasizing China's status as a developing country (Glaser and Medeiros, 2007). Avoiding conflict with the United States remains China's overriding foreign policy priority as part of its strategy to create a peaceful international environment conducive to China's economic development (Swaine and Tellis, 2000).

However, growth in Chinese material power has given way to a revised strategic outlook that still prefers to avoid confrontation, but is prepared to oppose perceived slights on issues that affect the rule of the Chinese Communist Party (CCP) (Heath, 2012). Using an anti-Japan, anti-US narrative that draws on China's experience of exploitation at the hands of the West, the CCP has been able to tap into existing nationalist sentiments held by the Chinese people to legitimize its rule as the only party that can protect China from foreign interference, while ensuring continued economic growth (Gries, 2004; Zhao, 2004; Wang, 2008). This nationalist narrative has become integral to the rule of the CCP as its growth model has shifted from a socialist one to a capitalist one (Esteban, 2006; Dickson, 2004). Combined with China's growth in material power, this narrative triggered revisions — towards a more assertive stance — of Japan policy in 2005 and towards "core interests" since 2009 (Gries, 2005; Swaine, 2010). Concern over China's rise relates to two issues: the pace of and lack of transparency in its military modernization and the perception that its pursuit of "core interests" could cause one of Asia's many territorial flashpoints to escalate.

Chinese defence spending has been steadily increasing at double-digit rates since the onset of China's economic reforms in 1979, despite being listed as the last of four priority areas. Yet, defence spending has been declining as a percentage of total government spending over the same period and spending on domestic security has exceeded declared defence spending since 2010 (Liff and Erickson, forthcoming 2013; Bloomberg News, 2013). However, China is widely criticized for a lack of transparency in the allocation of its defence budget, in particular the fact that research and development is not part of the declared

budget. Furthermore, the military has undergone a number of institutional and doctrinal reforms to allow the People's Liberation Army (PLA) to conduct "local wars under conditions of informationization" (Office of the Secretary of Defense, 2012: 3). Despite Chinese assurances, the link between its growing defence budget and the military platforms it has purchased are a source of disquiet in the Asia-Pacific.

China's military strategy has traditionally been focussed on reclaiming Taiwan through an overwhelming surgical strike designed to coerce Taipei's surrender. China has deployed a number of short- and medium-range ballistic missiles to strike military targets in Taiwan, fourth-generation fighter aircraft to establish aerial superiority and diesel-powered submarines and modern destroyers armed with anti-ship cruise missiles to strike at American carrier groups. Procurement priorities lie with the PLA Navy, Air Force and Strategic Missile Force. Beyond Taiwan, successive defence white papers have stressed the "protection of China's maritime rights and interests" as a primary objective (State Council, 2000; 2002). While China has settled most of its land-based territorial disputes, it is party to a number of disputes over islands and maritime zones in the South China Sea and the East China Sea. Importantly, the platforms purchased to dissuade US involvement in a Taiwan Strait contingency are similar to those required to pursue disputed maritime claims. Two developments in 2011 suggest that China seeks a military with a global reach, which is consistent with the status associated with a "great power." First, China's refurbished Ukrainian aircraft carrier underwent sea trials in August 2012 and the navy has been training with aircraft takeoffs and landings. Second, China deployed a frigate to the Mediterranean to rescue Chinese citizens from Libya in February 2013.

China has never tolerated slights to its territorial integrity, national development or internal political affairs. Selling arms to Taiwan, meeting with the Dalai Lama or supporting "separatist" activities have long been punished by Chinese condemnation, cancelled meetings and the downgrading of political ties. Since 2008, however, China seems more willing to use the instruments of its new-found material power to assert itself. This has included, but is not limited to, the deployment of its coast guard vessels to police its claimed maritime jurisdiction, the application of informal economic sanctions, the encouragement of consumer boycotts and the use of the PLA Navy to send political signals to its neighbours. For some states, China has fulfilled the long-held prophecy that it would become a belligerent in the East and South China Seas when it had accumulated sufficient military power (Klare, 2002: 109–137; Salameh, 1995–1996; Chang, 1996). In this view, China uses its civilian maritime agencies to assert its maritime jurisdiction and sovereignty claims in the South China Sea against Vietnam and the Philippines, and against Japan

in the East China Sea. Cutting the cables of Vietnamese survey vessels, detaining fishermen and forcing the release of fishermen detained by rival claimants are some of its most provocative actions (Thayer, 2011; Buszynski, 2012).

Furthermore, there is concern over Chinese command and control and foreign policy decision making in the context of its more capable military. It is unclear which Chinese actions are based on calculations of strategic interest, which are motivated by domestic calculations and which occur outside of Beijing's control (Masuda et al., 2012). For instance, it is not clear whether the spate of incidents in East Asian waters in 2009–2011 was directed by Beijing, by local bureaucracies, including civilian maritime agencies, or some combination of both (International Crisis Group, 2012). In March 2013, the National People's Congress took steps to consolidate four of China's coastal enforcement agencies into one ("Dragons Unite," 2013). There is also a risk that the CCP may be sensitive to domestic legitimacy concerns in the event of a foreign policy crisis. By virtue of the scope of China's domestic challenges and the CCP's nationalist legitimizing narrative, the government of China may adopt a rigid posture for fear of domestic backlash.

These concerns have led to a dramatic reversal in regional perceptions of China's rise. It is widely understood that in the years since the 1997 Asian financial crisis, East Asian states steadily warmed to the positive aspects of China's emergence (Shambaugh, 2004–2005). Since 2008, there has been a sea change in regional thinking that is best demonstrated by comments made by Philippine Foreign Minister Albert del Rosario to the *Financial Times*. Del Rosario stated that the Philippines would welcome "a rearmed Japan shorn of its pacifist constitution as a counterweight to the growing military assertiveness of China" (quoted in Pilling, Landingin and Soble, 2012). This statement is a direct result of tensions in maritime East Asia and presents a dramatic departure from the received wisdom that Japanese security policy still evokes concern from the region it once tried to conquer.

## THE UNITED STATES: STILL THE HEGEMON?

China's behavioural shift has paved the way for the forthright and explicit reassertion of American hegemony in the Asia-Pacific. The US hub and spokes alliance system is widely regarded as a central pillar of regional stability. Based on bilateral military alliances with Australia, Japan, South Korea, Thailand and the Philippines and supported by defence agreements with Malaysia, Singapore and New Zealand, the US military presence deters would-be aggressors and provides the public good of secure sea lanes of communication (SLOCs) (Ikenberry, 2004; Auer and Lim, 2001; Van Dyke, 2002; Dibb, 2000). American regional hegemony has kept the Asia-Pacific stable since the end of World War II, despite concerns of growing instability



caused by rising military spending, growing energy needs, disputed territories and unresolved historical legacies (Friedberg, 1993-1994; Betts, 1993-1994). In the wake of the 9/11 attacks, a perception grew that American preoccupation with the Middle East and the “war on terror” allowed China to pursue its regional interests more freely, although the US military presence in the region did not decline in real terms (Pempel, 2008; Green, 2008). The “rebalancing” announced by the Obama administration in 2011 is, thus, as much rhetorical and symbolic as it is substantive.

The rise of China and its bold reassertion of its maritime boundary claims present a considerable challenge to American regional hegemony, regardless of US efforts to ensure the emergence of a Chinese “responsible stakeholder” on global issues. Many American strategists believe that China’s strategic shift in 2009 was a function of a calculation that the capacity of the United States to support its hegemony in the Asia-Pacific would collapse as a consequence of military overextension in the Middle East, and due to the financial concerns that arose following the global financial crisis (Manning, 2013).

Recent events suggest growing Chinese dissatisfaction with the US military presence and diplomacy in the region. In March 2009, US government research vessels, including the USNS *Impeccable*, were confronted in China’s exclusive economic zone (EEZ). In late 2010, China condemned American plans to deploy the USS *George Washington* to the Yellow Sea as part of war games aimed at North Korea (“S. Korea, U.S. Conduct,” 2010). The Pentagon views these incidents, combined with the weapons platforms noted above, as part of an “anti-access, area denial” strategy to deny US forces access to regional seas (Office of the Secretary of Defense, 2010). Achieving such an objective would allow China to assert itself with respect to Taiwan and maritime boundary disputes, without the prospect of US interference. In July 2010, then Secretary of State Hillary Clinton stated the US interest in peaceful resolution to territorial disputes and commitment to freedom of navigation at the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF) (Clinton, 2010). This statement reflects concern in Washington that China does not accept the basic principles of international maritime law that underwrite regional stability, in particular the freedom of navigation.<sup>1</sup>

This unease, combined with the Obama administration’s view that its force posture was outweighed to the Middle East, have led to a firm and unapologetic reassertion of US power to reassure allies of America’s commitment to the Asia-Pacific. In his address to the Australian Parliament in November 2011, President Obama stated unequivocally that “reductions in U.S. defense spending will not — I

repeat, will not — come at the expense of the Asia Pacific” (Obama, 2011). The visit followed 18 months of accelerated American diplomatic activity in the region, during which US senior officials articulated their interests in the region’s maritime commons — navigational freedom and a peaceful resolution of disputes — and reassured Asian allies of America’s continued commitment to maintaining its military presence in the region (Clinton, 2011). Despite enduring skepticism about the United States’ capacity to maintain its regional military posture in light of its economic problems, senior US officials have repeatedly stated that cuts to defence spending will not come at the expense of forward-deployed forces in the Asia-Pacific (Obama, 2012; Bumiller, 2011). Then Secretary of Defense Leon Panetta (2012) noted at the 2012 Shangri-La Dialogue that 60 percent of the US Navy would be stationed in the Pacific by 2020. In addition to the US commitment to supply seapower to the Asia-Pacific, there seems to be growing demand for its military presence in the region.

This growing demand for American power is a direct consequence of China’s perceived aggression in regional maritime affairs since 2009. States once accused of accommodating or “bandwagoning” with China’s rise, such as Vietnam and the Philippines, engaged in overt “external balancing” behaviour by seeking closer ties, or, in the case of the latter, security assurances from the United States. Chinese behaviour towards its claimed maritime boundaries elicited restatements of American security guarantees to the Philippines in 2011 and to Japan in 2010 and 2012. There is clearly still an appetite for US military power among East Asian states, although concern persists in Southeast Asia and South Korea that a balance must be maintained between the United States and China.

This reassertion of American primacy comes as Sino-US defence ties remain poor. Bilateral military contacts are impaired by US weapons sales to Taiwan, which undermine efforts to increase transparency between the two militaries. This has become a vital concern in light of recent crises, such as the *Impeccable* incident in March 2009 (Dutton, 2010). Bilateral talks under the Maritime Consultative Mechanism are infrequent and the hotline between military officials is seldom used (Kan, 2010). China holds greater interaction between the two militaries hostage to developments in the United States’ Taiwan policy. It cancelled defence talks after the Obama administration sold weapons to Taiwan in January 2010. In September 2012, China unexpectedly and inexplicably refused to sign on to the Code for Unalerted Encounters at Sea developed under the auspices of the Western Pacific Naval Symposium. Nevertheless, efforts to engage China continue. China has been invited to the 2014 Rim of the Pacific Exercise and Australian naval forces have conducted joint training exercises with their Chinese counterparts.

The United States’ rebalancing is an effort to strengthen the credibility of its regional security posture amidst

<sup>1</sup> It should be noted that Vietnam, Malaysia and Thailand share the Chinese perspective on the legalities of military activities in the EEZ.

domestic resistance to costly international engagement. The “rebalancing” is squarely located within a broader discourse of American engagement with the Asia-Pacific region over the long term in an effort to tie America’s future with that of the Asia-Pacific (Green, 2013). US leaders are quick to emphasize the economic dimensions of the rebalancing, embodied by the Trans-Pacific Partnership (TPP), as well as the political and humanitarian aspects (Kerry, 2013; Donilon, 2013). If Washington does intend to stay the course in the Asia-Pacific, however, it will increasingly rub against the preferences of a rising China and the risk of miscalculation in an increasingly crowded East Asian littoral will rise.

## DISPUTED TERRITORIES AND MARITIME SPACE

A third source of strategic instability is the existence of disputed maritime claims that direct rising regional defence spending to navy and coast guard platforms. The region boasts numerous overlapping maritime boundary disputes (see map), a product of the geographical makeup of East Asia, with numerous semi-enclosed seas, disputed claims to sovereignty over rocks and islands, and the widespread ratification of the United Nations Convention on the Law of the Sea (UNCLOS). The entitlement to make claims to maritime space is driven by the material importance of rent from the ocean in countries’ national development goals, including oil, gas, minerals and fisheries exploitation. Also, as a function of oversights in the San Francisco Peace Treaty that ended World War II in Asia, the region is home to numerous territorial disputes over islands and rocks (Hara, 2007). These issues are further exacerbated by the negative images many states hold of their territorial rivals as a result of unsettled historical grievances relating to perceived injustices suffered at the hands of other states. The political salience of nationalism in East Asia has hardened state postures, prevented accommodation between claimant states and even been a source of escalation. There is no better demonstration of this than the efforts of conservative Japanese politician Shintaro Ishihara to provoke a crisis with China over the Senkaku/Diaoyu islands by attempting to buy them on behalf of the city of Tokyo in 2012.

Since UNCLOS came into force in 1994, all East Asian states have become more interested in maritime space as a source of revenue for their national development goals. Asia leads the world in fish consumption and production, and in the number of people employed in fisheries industries, including aquaculture. Asia boasts 74 percent of the world’s fishing vessels and China alone is responsible for 34 percent of global fish production (Food and Agriculture Organization [FAO], 2012: 3–12). Furthermore, according to the US Department of Energy, the South China Sea contains 190 trillion cubic feet of natural gas, the importance of which will grow as Asian economies

look to gas to power their economies (Energy Information Administration, 2013: 2). Natural gas plays an important role in a region afflicted with an acute sense of energy insecurity (discussed below) as states seek to diversify the location and type of energy they import (Vivoda and Manicom, 2011). These disputes and economic interests create the rationale for a greater allocation of state resources on the military and on coastal enforcement vessels (Ball, 1993-1994; Simon, 2005). In particular, many East Asian states have fielded greater numbers of modern surface ships complete with advanced air-defence capabilities and technologically advanced war-fighting capabilities (Bitzinger, 2009). Most troubling has been the dramatic rise in the number of submarines, particularly by South China Sea claimants like Vietnam and Malaysia. Furthermore, a number of states have invested considerable funds in the development of civilian coast guard authorities. While these “white-hulls” are nominally less provocative than their military counterparts, it should be noted that the bulk of the tensions at sea in the region have occurred when these civilian coast guards enforce maritime jurisdiction in contested areas. This includes the standoff between China and the Philippines at Scarborough Shoal in April 2012 and a number of confrontations between Chinese and Vietnamese vessels.

The proliferation of armed government ships at sea could be problematic for a number of reasons. First, and most obviously, maritime jurisdiction within maritime East Asia is generally contested, so all parties exercise maritime jurisdiction against those that claim the same right. Coastal states also differ over the degree of authority that can be exercised in coastal waters (Manicom, 2010). Secondly, despite the growth in activity, there is little transparency between regional navies or coast guards, which has led to numerous confrontations on regional seas. It is thus only a matter of time before a maritime accident turns deadly, which risks escalation between claimant states and the possible involvement of the United States. Tragically, the role of these agencies in maritime boundary disputes distracts from the potentially important role that coast guard cooperation can play in improving political relations while addressing urgent security issues like piracy and people smuggling (Bateman, 2003).

Sea Lanes and Maritime Disputes in East Asia



Source: ASPI.

These disputes present a long-standing challenge to regional stability. Only two territorial disputes in the Asia-Pacific have ever been submitted for third-party arbitration: the Sipidan/Ligitan dispute between Malaysia and Indonesia and the Pedra Branca dispute between Singapore and Malaysia. The Philippines recently asked the International Tribunal on the Law of the Sea for an opinion on China's "nine-dash line" claim to the South China Sea. Although states have employed a number of alternative means to sidestep sovereignty issues, including joint development zones, the prospects for wide-scale dispute resolution remain poor. First, many claimants, including China, Japan, South Korea, Vietnam and the Philippines, confront serious domestic costs for making concessions with rival claimants (Blanchard, 2003). Indeed, some of these governments may, in fact, have a political interest in the perpetuation of these disputes. Second, from a technical standpoint, multiple claimants, overlapping claims and regional geography complicate maritime delimitation in the Asia-Pacific. Not all South China Sea protagonists claim equal parts of the disputed area and some states differ on key aspects of UNCLOS itself (Valencia, Van Dyke and Ludwig, 1997: 40–77). Third, regional states have only just begun to make extended continental shelf claims due to delays in UNCLOS processes and the technical difficulties of mapping claims. Given the 25-year backlog at the body that legitimizes these claims, the Commission on the Limits of the Continental Shelf, it will be some time before the full scope of East Asia's maritime claims are clarified.

## COMPETITIVE REGIONALISM

A fourth source of strategic instability is the increasingly competitive process of regionalism in the Asia-Pacific. Multilateral processes in the region have historically been seen as supportive of regional stability. The formation of ASEAN in 1967 kept the Cold War out of maritime Southeast Asia and the growth of both its membership and its dialogue partners is perceived by many as a source of stability during the 1990s (Acharya, 2001). The creation of the ARF in 1994 created a venue for the discussion of regional security issues, like the South China Sea dispute, and is credited by some for keeping the peace (Haacke, 2003). However, the seeds of competitive regional processes were sown by the region's growing optimism of an "Asian Century" and the collective hardship suffered as a consequence of Western policy recommendations after the 1997 Asian financial crisis.

This competitive regionalism occurs on two fronts. First, the primary strategic rivalry in the region, between China and Japan, has coloured the nature of ASEAN-centred trade expansion. Efforts to enlarge ASEAN-centred trade processes to include China, Japan and South Korea (ASEAN+3) have been affected by a contest for leadership from both countries. China and Japan advance distinct models of regionalism, with the former advocating a

developmental regionalism that focusses on inclusive economic development, while the latter espouses a regulatory regionalism that seeks to standardize business and economic practice across states and regions (Wesley, 2007). In addition to these competitive proposals, China and Japan have been at pains to conclude separate bilateral trade agreements with ASEAN as a whole.

Second, there is a broader competition between Western-oriented pan-Pacific regionalism centred on the Asia-Pacific Economic Cooperation (APEC) forum and the ASEAN-centred regional processes embodied by ASEAN+3, the East Asia Summit and associated meetings. Although many of the participants overlap, there are a number of features that exacerbate existing regional tensions. The trade talks under ASEAN+3 are reminiscent of the proposals advanced in the 1990s that excluded Western states in direct opposition to APEC. The APEC model towards trade liberalization remains far too ambitious for most East Asian states, which have decided instead to pursue ASEAN-centred trade pacts with different combinations of Northeast Asian states (Ravenhill, 2010).

This competitive regionalism is exacerbated by the region's maritime boundary issues and by the growing Sino-US strategic rivalry. Chinese investment in ASEAN was a low-cost source of soft power for China during the first decade of the twenty-first century when contrasted against American neglect of ASEAN meetings. The United States, however, is aware that regional meetings are an important theatre of regional diplomacy, which is why American re-engagement with Asia began with the ratification of the Treaty of Amity and Cooperation in 2009. Furthermore, regional meetings have become staging grounds for diplomatic confrontations over Chinese activities at sea. In July 2010, then Secretary of State Hillary Clinton reminded the ARF that "legitimate claims to maritime space in the South China Sea should be derived solely from legitimate claims to land features" (Clinton, 2010). Then Chinese Foreign Minister Yang Jiechi reacted angrily, calling the remarks an "attack on China" (Chinese Ministry of Foreign Affairs, 2010). Cambodia, which occupied the rotating chair of ASEAN in 2012, was pressured by China not to include any mention of maritime tensions in the final communiqués of ASEAN-centred meetings.

Most recently, the TPP, an effort to deepen trade ties between Brunei, Chile, New Zealand and Singapore, has become caught up with regional power politics. Efforts to expand the agreement into a Pacific-wide trade area since 2008 have become controversial because the agreement's draft rules on regulations and on state-owned enterprises are seen to be deliberately aimed at excluding China (Yuan, 2012). Beijing has, therefore, reinvested in trilateral trade talks with South Korea and Japan, and in the Regional Comprehensive Economic Partnership (which also includes ASEAN plus India, Australia and New Zealand) as alternatives to the TPP. There are, of course,

limits to just how competitive regional processes need to be, given the overlap of partners in the TPP and the Regional Comprehensive Economic Partnership, but there is no doubt that regional economic prerogatives are driven as much by strategic considerations as by economic ones.

## THE COLD WAR CONTINUES...

Finally, a more remote source of strategic uncertainty is the fact that the Cold War remains unresolved in the Asia-Pacific. First, the Chinese civil war continues to be manifest across the Taiwan Strait and the role of the United States as de facto guarantor of Taiwan's independence continues to be an irritant in Sino-US relations, particularly when the topic of weapons transfers arises. Despite Washington's commitment to Taiwan under the Taiwan Relations Act (TRA), US leaders have been trying to reign in excesses on both sides. For example, in 2003, Washington expressed displeasure with statements by Taiwan's pro-independence president, Chen Shui-bian (Lin and Snyder, 2003). The election of Ma Ying-jeou in 2008 marked the beginning of a period of relative calm as both sides of the Strait focussed on growing economic and social links between the two sides. However, the Chinese interpretation of the China-US "three communiqués" is one that foresees an eventual end of weapons sales to Taiwan, which sits at odds with the TRA. Therefore, although the Taiwan issue is not currently a pressing matter in regional security, there is no reason not to anticipate a resurfacing of tensions in time because the parties concerned still disagree about the end state of the status of Taiwan (Hickey, 2013; Womack, 2013).

Secondly, the division of the Korean Peninsula continues to be a source of tension that extends beyond the peninsula and rubs against the burgeoning US-China rivalry in the region. China was widely celebrated for its central role in driving the first Six-Party Talks on North Korean denuclearization in 2003. Subsequently, however, it tried to water down UN Security Council resolutions on North Korean missile and nuclear tests in 2006 and 2009 and has not enforced related sanctions. Perpetually on the brink of collapse, North Korea seems to have successfully transitioned power from Kim Jong-il to his son, Kim Jong-un, quite a feat given the factional divisions within the country. Despite talk of reform, there has been little deviation from the country's strategy of using its missile and nuclear programs to extract aid and other concessions from the international community. In early 2013, following a third nuclear test, Beijing seemed fed up with North Korea. It supported UN Security Council Resolution 2094 and was rumoured to slow trade with North Korea (Associated Press, 2013). This is a marked turn from a year prior, when several senior Chinese leaders visited Pyongyang to show their support for Kim Jong-un. Beijing was also reluctant to criticize the North after it sank a South Korean frigate (the *Cheonan*), killing 46 sailors, and shelled Yeonpyeong Island, killing four,

including two civilians. These two crises in 2010 serve as harsh reminders that tensions on the Korean Peninsula can escalate at any time. Following the February 2013 nuclear test, Washington took the unusual step of clearly restating its extended deterrent commitments to South Korea and Japan, including the symbolic decision to publicize B-52 and B-2 bomber flights over the Korean Peninsula. This comes amidst growing calls in both Korea and Japan for a re-examination of their respective nuclear postures. While these latest rounds of tensions could be little more than the sabre-rattling that typically follows the inauguration of a new South Korean president, Pyongyang's rhetoric seems particularly provocative. At the time of writing, it pledged to rebuild the Yongbyon reactor in an effort to produce more fissile material, and is expected to conduct another ballistic missile test.

Both challenges, combined with the potential destabilization of the region's maritime boundary disputes, have led to a dramatic reorientation of Japanese security policy. North Korean provocations and, more recently, Chinese maritime activities near Japan have led to a modest increase in support for a loosening of the restrictions of the use of force by Japanese forces (Samuels, 2007). US-Japan security relations have also been modified to reflect growing challenges in the Taiwan Strait and in the region in each successive restatement of their security guidelines. As a result, in the seven decades since it renounced the right to fight wars or engage in collective security operations, Japan has developed East Asia's most technologically advanced military, has participated in maritime security operations in the Gulf of Aden and off the coast of Afghanistan, and is the most important American ally in East Asia. The strategic challenges outlined above will continue to drive Japan's slow evolution to a "normal" military power, despite Japan's considerable economic and demographic challenges.

## NON-TRADITIONAL SECURITY CHALLENGES

In addition to these strategic-level threats, there are other sources of instability that directly affect the interests of regional states: energy and food insecurity, climate catastrophes and the emerging issue of cyber security (Dupont, 2001). Asian countries are consuming increasingly vast amounts of energy every year, which, due to the region's relative poverty in primary energy sources, is met with imported supplies. The Asia-Pacific region consumes 39 percent of global energy, but has less than three percent of global oil resources and eight percent of global gas resources (British Petroleum, 2012). In as much as Asian importers need access to sufficient energy supplies at affordable prices to ensure energy security and economic growth, the spectre of supply disruption is disturbing to policy makers (Yergin, 1988: 111). Supply-side threats to Asian energy security are vast, and can

be divided into two categories: state-based threats and non-state threats. State-based threats include situations in which a state actor somewhere along the supply chain deliberately attempts to disrupt the flow of energy. These include politically motivated market manipulation by supplier states, naval blockade of SLOCs by a rival state (amidst a wider political crisis) or hoarding of supplies by another state. No less severe, non-state threats include disruption along the supply chain due to terrorist attack or piracy, natural disasters and demand fluctuations in energy-importing states. Problematically, although a growing number of East Asian states are net energy importers, the common interest in preventing a supply disruption to the region as a whole has not yet yielded the creation of institutional mechanisms to mitigate supply-side threats. The shift to net importer status by Southeast Asian states also limits their capacity to act as sources of diversification for Northeast Asian states (Thomson, 2006).

The Asia-Pacific confronts a number of sources of food insecurity, including declining agricultural production driven by the rapid urbanization and industrialization that is associated with economic development (Timmer, 2012). Higher incomes triggered a shift from a diet based on carbohydrates and vegetables to one based on protein and fat. Protection of dwindling agricultural sectors has reduced food productivity in Asia, which led to price increases, and reduced access to affordable food among vulnerable segments of society, including the poor, children and the sick (UN Economic and Social Commission for Asia and the Pacific, 2009: 8). Price spikes in global food prices after 2008, driven by higher input prices, including petrochemicals, and by the growing frequency of extreme weather events in fertile areas have exacerbated the problem.

Food insecurity is a man-made phenomenon, attributable to mismanagement of the agricultural sector, trade policy (protectionism), the energy sector (allocating farmland to biofuels) and the oil market, as well as inadequate responses to climate change. In a globalized economy, the solutions to these interrelated problems are necessarily multilateral. For instance, ASEAN+3 has a working group on food security and has taken steps to coordinate its rice reserves. In 2009, ASEAN developed a five-year plan of action on food security that facilitated coordination between agriculture ministries. There is, however, little coordination between these regional efforts and global organizations like the FAO (Su, Weng and Chiu, 2009). APEC regularly holds meetings of its energy ministers and its Energy Working Group (EWG) is the only body where East Asian states that have strategic petroleum reserves can discuss their coordination: China's status as a non-democracy keeps it out of the Organisation for Economic Co-operation and Development and, by extension, the International Energy Agency. Indeed, the EWG holds regular consultations on matters designed to improve

energy security in the Asia-Pacific region such as sea-lane security and the creation of a Pacific pipeline network (Ryan, 2005: 299-300).

Food and energy insecurity are tied up with issues of how states mitigate and adapt to global climate change. A warming climate will exacerbate already poor agricultural conditions in some parts of the Asia-Pacific, while energy consumption patterns in the region may, in time, be influenced by renewable energy sources. Climate change has already had damaging effects on agricultural yields and fresh water levels across the region. The fact that East Asian populations and, by extension, their energy infrastructure, are concentrated on coastlines increases the likelihood that they will be damaged by the storms that afflict the region. As a product of industrialization and urbanization, the material cost of natural disasters has more than doubled in the period between 1995 and 2004 compared to the 10 years prior in China, increased tenfold in Japan and ninefold in South Korea (Partnerships in the Environmental Management of the Seas of East Asia, 2005). Natural disasters threaten energy security in two ways. They can cause price spikes, increasing the cost of energy, and they can damage infrastructure and limit the ability of governments to distribute energy, including electricity (Energy Security Study Group, 2006: 10). This was tragically demonstrated by the earthquake and tsunami that struck Japan in March 2011.

East Asian states are embarking on climate change mitigation strategies. According to the World Bank, the bulk of these strategies focus on reducing energy intensity and investing in renewable energy (World Bank, 2009: 6). Beyond energy policy, East Asian states seek to protect forests and ensure that the region's rapid industrialization occurs in a sustainable way (World Bank, 2009: 7). Although criticized for its reluctance to accept binding emission reduction targets, China has, since 2005, launched several policy initiatives designed to improve energy efficiency and reduce energy intensity. Importantly, recent initiatives now reward local officials for implementing climate-friendly policies, in an important departure from the traditional incentive structure, which favoured greater economic growth as the primary criterion for promotion.

These mitigation efforts are likely a product of the marked increase in extreme weather events across the Asia-Pacific over the past two decades. The frequency of meteorological disasters in the period 2001–2010 increased 66 percent over the previous decade (Asian Development Bank, 2012). In addition to high death tolls and the high costs of reconstruction, these events can also increase the number of people displaced, which in turn has implications for nearby cities and countries and the region as a whole. Low-lying areas like Bangladesh and the Philippines are particularly vulnerable, although most East Asian cities are in low-lying areas near the coast. It is thus unsurprising that US Pacific Forces commander Admiral Samuel

Locklear recently described climate-related disruptions as the most probable security challenge in East Asia (Bender, 2013). These problems are exacerbated by the poor adaptive capacity on the part of many East Asian states (Habib, 2010). Higher population densities and lower incomes define those populations most vulnerable to climate-related disasters (Thomas, Albert and Perez, 2012: 7). Low- and middle-income countries are more vulnerable to climate-related disasters because they lack the resources necessary to prepare for them, to provide prompt relief and rebuild afterwards. Vulnerability to disasters can be reduced by improving infrastructure and adopting modern building codes, as well as by rationalized urban planning and improved modelling of shifting weather patterns.

The emerging issue of cyber security, and of Internet governance more broadly, presents a challenge to regional security as well. Revelations by a private security firm that cyber attacks on American businesses were traced to China has raised the profile of the issue by providing the most public attribution to China thus far (Mandiant, 2013). Concerns abound that the United States and China may engage in some form of a “cyber arms race” unless rules and protocols are established. This comes at a time of growing international attention to the governance of the Internet as it relates to intellectual property, political freedoms and the security of critical financial and other infrastructure. This debate already seems to pit Western countries against authoritarian ones, reinforcing existing cleavages in the international system, as well as in East Asia. Multiple estimates place the Asia-Pacific as the leading place of origin for cyber attacks (French, 2013).

These challenges risk overwhelming the crowded non-traditional security agenda in the Asia-Pacific region. Weak state governance in parts of Southeast Asia creates the opportunity for terrorists and transnational criminal networks to thrive. Simultaneously, counterterrorism activities have driven closer cooperation, for example, between Australia and Indonesia. Along with transnational crime, counterterrorism has also been part of Canada’s regional diplomatic strategy. For example, Canada chaired an ARF Inter-sessional Meeting on Counter-Terrorism and Transnational Crime in 2011 and continues to have dialogues on these matters with India and China. Human and drug smuggling, piracy and money laundering are also sources of concern and corresponding diplomatic activism by Canada and Australia.

## CONCLUSION

These sources of strategic tension raise a number of policy challenges for Canada and Australia. Both are resource-based economies with a track record of bilateral and institutional engagement in the Asia-Pacific, and both are key US allies. They therefore have an interest in the regional strategic stability that allows economic growth

to flourish. As stable sources of energy, minerals and agricultural products, economic synergies exist between Canada, Australia and the region that could help alleviate regional energy and food pressures in the Asia-Pacific. Canada and Australia are both concerned about non-traditional security issues and have made addressing these a key component of their regional diplomacy. The climate pressures described above may, in the future, exacerbate issues of human migration. Finally, given the region’s centrality in global supply chains, the deterioration of any of the challenges noted above presents a grave threat to the global economy. Although Canadian and Australian regional strategies are characterized by a number of differences that relate to the countries’ distinct historical and cultural backgrounds, as well as their proximity to the United States, there is considerable scope for cooperation on strategic challenges in the Asia-Pacific that should be explored in depth and fully maximized (Asia Pacific Foundation of Canada, 2012; Manicom and O’Neil, 2012).

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## ACRONYMS

APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
CCP	Chinese Communist Party
EEZ	exclusive economic zone
EWG	Energy Working Group
FAO	Food and Agriculture Organization (UN)
PLA	People’s Liberation Army
SLOCs	sea lanes of communication
TPP	Trans-Pacific Partnership
TRA	Taiwan Relations Act
UNCLOS	United Nations Convention on the Law of the Sea

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